Fu Wang Heng Jiu Co. Limited

Proposed Project
for
Rehabilitation, Reconditioning and Restoration
of
Motor Vehicles, Machinery Equipment
and
Fabrication of Spares

A Business Plan

Prepared for:
Fu Wang Heng Jiu Co. Limited
P.O. Box 261
Musoma

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1.0 EXECUTIVE SUMMARY

M/s Fu Wang Heng Jiu Co. Limited is a locally incorporated company under The Companies Act, 2002 and assigned Certificate No. 152453264 dated 29th June, 2021 with the company's Registered Office situated at Plot No. PA27 Block No. 77 Pwani Street, Mwisenge Ward, Musoma Municipality. The expanding economic and social activities in the Lake Zone and Musoma Region in particular creates the need for establishing a state of the art auto workshop for rehabilitation, restoring and reconditioning of motor vehicles of all models, machinery equipment as well as fabrication of motor vehicle and industrial spares and parts. The major target market being accidented vehicles.

The company is formed by two shareholders, both of Chinese origin. The brain behind this project is Mr. Wang Guo Yin who will be the overall in-charge of the daily company activities. Mr. Wang Guo Yin is extensively experienced in workshop activities with over 15 years in the industry. The other shareholder is Mr. Deng Zhen, the right hand man of the managing director in his business ventures.

The objectives of this study are three-fold. First is to determine the technical feasibility and financial viability of the proposed project and serve as a business plan for the company's development program. Secondly, it will be presented to a Tanzanian commercial bank as a supporting document in application of Term Loan (US$ 270,500-) to supplement owners' equity funds for acquisition of machinery equipment. Thirdly, the business plan will act as a supporting document in the company's application for Tanzania Investment and Special Economic Zones Authority (TISEZA) Certificate of Incentives so as to access tax reliefs and other benefits and protections as statutorily provided for under the TISEZA Act (2025).

To implement the new project, the company envisages making substantial capital injection in the development of the workshop to match the current demand in order to maximize utilization of such business opportunities. Utilization of the capital includes renovation of the workshop premises, procurement of machinery, tools and procurement of basic utility vehicles, among other activities.

Since Fu Wang Heng Jiu Co.Limited has limited resources to fully finance the project, external financing is inevitable. Initial investment cost is estimated to cost US$ 574,500- out of which the amount of US$ 60,000- will be utilized to finance working capital requirements, It is proposed to finance the initial investment through owners' equity contributions and directors' loans at US$303,800- (53%) and bank term loan of US$ 270,500- (43%). The cost of capital has been estimated at 18% per annum with a grace period of eighteen (16) months. It is assumed that the loan will be fully recovered by end of year four. It is proposed that long-term loan be secured by a first charge over the company's movable and immovable fixed assets of the proposed project as well as directors' guarantee should it be considered necessary.

It is estimated that under proper workshop management and efficient marketing, the workshop should be able to generate revenue at the tune of US$ 580,000- when operating at full capacity. It is however estimated that the workshop will operate in the range between 80% and 90% of the installed capacity, thereby generating between US$464,000- and US$ 522,000- per annum.

Analysis of financial results reveals indicates a healthy and stable profitability from the first year of operation onwards. The project is found to have a payback period of slightly less than 4.31 years. Return on Equity computes at 54.53%, Return on Investment at 63.44%, IRR at 25% while Break-even Point works out at 89.45%.

In view of the above analysis, it is strongly recommended that the investors be offered financial support to the tune of US$ 270,500- to supplement procurement of workshop machinery tools and equipment to facilitate smooth implementation of this very profitable venture which augurs well with the country's industrial development efforts. On top of the very attractive financial returns, implementation of the project envisages employing about 18 skilled and semi-skilled while unskilled unskilled personnel will be employed as and when demand arises. The combined salaries, wages and allowances of these people will definitely change the economy of Musoma Municipality and surrounding areas irreversibly.

It is further recommended that the project be approved by Tanzania Investment and Special Economic Zones Authority (TISEZA) and be granted the TIC Certificate of Investment with its associated privileges and benefits as provided for under the current TISEZA Act (2025) to reduce project capital investment costs.

2.0 THE PROPOSED PROJECT

2.1 Project Description

The company envisages establishing a state of the art auto workshop for rehabilitation, restoring and reconditioning of motor vehicles of all models as well as machinery equipment as well as fabrication of motor vehicle and industrial spares and parts. The major target market being accidented vehicles. The expanding economic and social activities in the Lake Zone and Musoma Region in particular creates the need for development of a modern auto workshop for restoration, reconditioning and maintenance of motor vehicles as well as machinery equipment particularly in the small and medium scale mining industry.

2.2 Location and Infrastructure

The proposed project is to be established at Plot No. PA27 Block No. 77 Pwani Street, Mwisenge Ward, within Musoma Municipality. Being in within the municipality, the project site is blessed with all the necessary amenities including accessibility by tarmac road, national grid electricity and water from the main municipality supply.

2.3 Study Objectives

The objectives of this study are three-fold. First is to determine the technical feasibility and financial viability of the proposed project and serve as a business plan for the company's development program.

Secondly, it will be presented to a local commercial bank for application of Term Loan (US$ 270,500-) to supplement acquisition of fixed assets. The project promoters have engaged the services of reputable consultants in industrial development to advice on detailed technical and economic evaluation of the project and in determining its viability. As the report will be used to raise debt financing for the project, it is tailored to meet standard requirements of financial institutions in the region.

Thirdly, the business plan will act as a supporting document in the company's application for Tanzania Investment and Special Economic Zones Authority (TISEZA) Certificate of Incentives so as to access exemptions on duties, VAT deferments and other benefits and protections as statutorily provided for under TISEZA Act (2025).

2.4 Ownership

The project is being promoted by Messrs. Fu Wang Heng Jiu Co. Limited (hereinafter referred as the company), a locally incorporated company formed way back 1n June 29, 2021 under Certificate of Incorporation No. 152453264 for the main objective of undertaking various investment activities in Tanzania. The initial Authorized Share Capital of the company is TZS 200,000,000/= divided into 10,000 ordinary shares of TZS 200,000 each. The registered office of the company is located at Plot No. PA27 Block No. 77 Pwani Street, Mwisenge Ward, within Musoma Municipality.

The current shareholders and shareholding structure of the company are as shown hereto below:

Table 2.1 Company Shareholding Structure

S/No.	Shareholders Names	Address	Number of Shares Held
1.	Wang Guo Yin (Chinese)	Plot No. PA27 Block No. 77 Pwani Street, Mwisenge Ward, within Musoma Munipality P. O. Box 261 **Musoma**	100
2.	Deng Zhen	Plot No. PA27 Block No. 77 Pwani Street, Mwisenge Ward, within Musoma Munipality Q. O. Box 261 **Musoma**	100

Company Directors

(i) Wang Guo Yin
(ii) Deng Zhen

Both directors are high net-worth businessmen with wide experience in various disciplines.

2.5 Capital Investment Structure

The directors and shareholders of Fu Wang Heng Jiu Co. Limited plan to make substantial investments in the development of the auto workshop, including rehabilitation of the workshop premises, procurement of state of the art auto workshop machinery, tools and equipment and procurement of basic utility vehicles. Initial investment cost is estimated to cost US$ 574,300-
(Refer to Annex I - Investment and Replacement Schedules).

The initial Investment cost is summarized per table below:

Table 2.2 Initial Capital Investment Structure (In US$)

CAPITAL ITEM	COST (IN US$)
LAND & BUILDINGS	
Renovation, Refurbishment and Expansion of the Auto Workshop, Offices, Parking/Storage Yard, Sheds and Other Civil Works Structures and Buildings	59,800
PLANT, MACHINERY, TOOLS & EQUIPMENT This item includes (but not limited to) the following: Verta Spray Booth (1 units) Car-o-Linear Mark 6ME (1 Unit) Electro-mechanical 2 Post Lift (2 units) Electro-hydraulic 4 Post Lift (2 units) Erco 25 Lifter (2 units) E.C. BK20-500-10 40050 CC, Rosso (1 unit) Timing Torch (Stroboscope) Diezel & (2 units) Optical Alignment Gauge/Gabon Gauge (1 set) Compression Gauge (1 unit) Stethoscope (Knocking Sound Tester (1 unit) Pressing Machine (at least 4 tonnes) 1 unit Torque – Wrench (1 unit) Clutch Aligning Tool (1 set) Wheel Balance Machines (1 unit) VP4 Vulcanizer (1 unit) Tyre Changer Machine (1 unit) Trolley Jack RH 20-490 (2 units) Trolley Jack RH 60-575 (2 units)	390,500

Percus Wrench RT-1148 Head Light Aligners All kinds and description of machinery, tools and equipment required in light truck sub-assembling Assorted Workshop Tools & Accessories	
MOTOR VEHICLES The company will need several types of vehicles in order to operate efficiently. These vehicles will be required for the transportation of local accidented vehicles, transportation of the various materials, spares and accessories required in the Auto Workshop while one will be for administration operations.	33,500
OFFICE FURNITURE, FITTINGS & EQUIPMENT Several items will be purchased to facilitate the operations of the project. Items under consideration here are two full sets of computers with printers, photocopy machines, digital cameras for workshop operations, scanners, fax machine, internet connections, telephone, cash safes and furniture of various types for both office, main workshop and the yard.	4,500
MISCELLANEOUS EXPENSES	6,000
PRE-OPERATIONAL EXPENDITURES	20,000
WORKING CAPITAL REQUIREMENTS	60,000
TOTAL	**574,300**

2.6 Proposed Initial Investment Financing Arrangement

Initial investment cost of the project is estimated to cost US$ 574,300-. Since Fu Wang Heng Jiu Co.Limited has limited resources to fully finance the project, external financing is inevitable Schedules). The project is planned to be financed through owners' equity contributions and directors' loans at US$303,800- (53%) and bank term loan of US$ 270,500- (43%). Interest rate has been assumed at 18% per annum with a grace period of 16 months. (Refer to Annex III - Loan, Interest and Repayment

2.7 Security for the Loan

It is proposed that long-term loan should be secured by a first charge over the company's movable and immovable fixed assets of the proposed project. If Net fixed Assets of the company are taken as security for the loan, then the security coverage ratio works out perfectly fine as reflected under the Projected Balance Sheet (Total Fixed Assets, net of Depreciation) as summarized below:

Table 2.3 Loan Debt Coverage Ratio

Year		Outstanding Term Loan (US$)	Net Fixed Assets (US$)	Loan Debt Coverage Ratio
0	2025	270,500	574,300	2,12
1	2026	270,500	511,162	1.89
2	2027	180,434	448,024	2.48
3	2028	90,167	384,886	4.27
4	2029	0	321,748	0.00
5	2030	0	258,610	0.00

The net fixed assets of the company should therefore adequately cover the long term loan as the ratios are over and above the statutory level of 1.25. In addition, the directors are willing to provide directors' guarantee should it be considered necessary.

3.0 PRODUCTION COSTS AND REVENUE

3.1 Major Production and Operating Costs:

The expenditure items are indicated in Appendix I (Production Costs). under the Financial Projections and Analysis section of this project document. They include all direct, labour and operating costs.

The major production and operating costs account for about 60% of total revenue generated. They are further subdivided as follows:

- Spare parts/components and accessories: average 70% of total production and operating costs,
- Materials (tyres, tubes oils, toner etc): average 20% of total production and operating costs
- Other Workshop Supplies (all other materials) 10%of total production and operating costs,
- Labour: 10% of revenue generated,
- Direct Marketing Costs : 4% of revenue,
- Miscellaneous expenses: 12% of revenue.

Table 3.1: Major Production and Operating Costs Summary (IN US$)

COST ITEM	YEAR 1	YEAR 2	YEAR 3 ONWARDS
Spares, Parts/Components and Accessories	107,440	113,530	119,620
Workshop Materials Include paint tonners, tyres, batteries, oils & lubricants, and all other materials required in the Auto Workshop for rehabilitation, restoration, reconditioning of motor vehicles and machinery equipment	47,840	59,580	61,320
Other Workshop Supplies	23,920	24,790	33,660
Labour: Salaries, Wages and Allowances Include permanently employed technical and administration staff, seasonal employees, technical and financial consultants	44,544	47,238	50,112
Operating Costs	65,288	65,288	65,288
TOTAL	**289,032**	**310,426**	**330,000**

3.2 Depreciation of Assets

Economic Depreciation rates adopted are based on useful lifetime of the various Capital items. The principal annual rates on straight-line method used for this purpose are as follows:

Furniture and Fittings	12.5%
Office Equipment	12.5%
Plant, Machinery, Tools and Equipment	12.5%
Motor Vehicles	25.0%
Major Office/Workshop Renovations and Other Civil Works Structures	20.0%

(See Appendix II (Annual Depreciation of Assets for computations)

3.3 Working Capital Requirements of US$ 60,000

This amount is required to boost the Working Capital. To this end it is of necessity that stock items listed below be purchased and stored in adequate quantities (about 1 month stock requirement) for consumption by the Auto Workshop:

- Importation and local procurement of all sorts of spares & accessories required in the rehabilitation, restoration, reconditioning of vehicles of all makes and models as well as machinery equipment.
- Importation of fully broken down parts and components of damaged motor vehicles, mostly from Japan
- Purchase of Paint Toner
- Purchase of Tyres
- Purchase of Batteries
- Purchase of Oils & Lubricants
- Purchase of Service Materials

Accordingly, Cash flow Projections for Year 1 set the amount of Short Term Loan requirement to be standing at US$ 60,000- and this facility will be required over a period of 4 years before the project accrues adequate funds to finance working capital requirements from retained earnings.

3.4 Pre – operation and Miscellaneous Expenditures: US$ 26,000

The total budget is broken down as follows:

Table 3.2: Pre-operations and Miscellaneous Expendituress

	PRE-OPERATION EXPENDITURE ITEM	COST (US$)
1.	Pre-investment Studies	2,200
	Licences, Permits and Authorizations	6,000
2.	Recruitment and Training	5,300
3.	Engineering and Contracting	4,500
4.	Pre-production supplies	6,000
5.	Contingencies	2,000
	TOTAL	26,000

3.5 Sources of Revenue

The main revenue sources are generated from rendering the following services:

- Rehabilitation, restoration and reconditioning of vehicles of all the makes and models;
- Rehabilitation and restoration of machinery equipment;
- Sale of locally fabricated spares and parts.

3.6 Installed Capacities and Estimated Production

It is estimated that production will start at 80% of installed capacity for each of the items mentioned under Section 2.8 above, raising to 85% in year two before stabilizing at 90% from year three to year ten as shown under table below:

3,7 Projected Revenue

The projected revenue of the project is shown in Annex V (Trading Account).
The table below summarizes projected revenue for the first five (5) years: Total income per annum has been calculated as follows:

Table 3.3: Projected Revenue and Profitability (In US$)

Source/Years	Installed Capacity	Year 1	Year2	Year 3	Year 4 onwards
Performance	100%	80%	85%	90%	90%
Rehabilitation, restoration and reconditioning of vehicles	406,000	324,800	345,100	365,400	365,400
Rehabilitation and restoration of machinery equipment;	116,000	92,800	98,600	104,400	104,400
Sale of locally fabricated spares and parts.	58,000	46,400	49,300	52,200	52,200
TOTAL INCOME	580,000	464,000	493,000	522,000	522,000
Net Profit		44,198	60,841	78,843	90,204
Net Profit as a % of Sales		9.52%	12.35%	15.101%	17.26%

3.8 Project Organization, Management and Labour Requirement

The project will be managed through the Board of Directors consisting of two members. The Board will formulate policy and offer strategic business guidance to management and regularly monitor and evaluate performance of the project.

The day to day management of the project will be vested in the Management Team. The Management Team will comprise of the Managing Director who will be the overall in-charge of the project. Initially he will also play the role of Finance and Administrative Manager to be assisted by an Accountant and an Administrative Officer. The Managing Director will be assisted by his deputy and fellow director. The Managing Director and his deputy will be further assisted by qualified local workshop supervisors and technicians. Semi-skilled and unskilled workers will be employed on temporary basis as and when demand arises.

4.0 FINANCIAL ANALYSIS

4.1 Financial Assumptions

The estimated capital cost and basic operating assumptions are summarized in the financial projections as shown in Annex I and Appendix I respectively of the Financial Projections and Analysis of this document. In the analysis the following major assumptions have been taken into considerations:

- By taking into consideration the nature of the workshop's operations characteristics, the financial projections are for 5 years;
- All financial figures have been quoted in United States Dollar (US$);
- Initial capital investment cost is estimated at US$ 574,300- including working capital requirements of US$ 60,000-;
- It is proposed to finance the initial Investment costs of this project through equity contributions at US$ 303,800- (53%), and a local bank term loan US$ 270,500-= (47%) to be charged interest at the prevailing rate of 18% (Refer to Annex VI: Sources and Uses of Funds);
- It is proposed secure the term loan against net fixed assets of the company which adequately cover the long-term loan as the ratios are over and above the statutory level of 1.25. Furthermore, the directors will offer directors' guarantee (Refer to Annex VIII to Thirteen);
- Capital expenditure has been assumed to be incurred only once at the project construction period;
- Implementation period of four (4) months has been taken into consideration to allow for development of the necessary infrastructure, structures and other civil works; procurement of workshop machinery, tools and equipment; recruitment and training of technical staff;
- The main revenue sources are from rehabilitation, reconditioning,and restoration of auto vehicles and machinery equipment, as well as sale of locally fabricated parts and spares;
- Discounting rate has been assumed to be 18%;
- Depreciation of fixed assets and amortization of the pre-production costs/contingencies rates used are as shown in Appendix II (Annual Depreciation and Amortization of Assets) and Annex I (Investment and Replacement and Depreciation Schedules);
- It is assumed that initially the project will operate at 80% of the installed capacity in year one, increasing to 85% in year three before stabilizing at 90% in year three onwards. See Appendix 1II (Projected Sales Revenue) of the Financial Projections and Analysis Schedules;
- Investment Costs are shown in Annex I (Investment, Replacement and Depreciation/Amortization Schedules);
- Direct production costs shown in Appendix I (Operational Costs) and Annex 1V (Trading Account) are based on current rates.
    - Salaries, Wages and Allowances have been based on the prevailing scales in the manufacturing sector in Tanzania. There is provision of 20% to cover company contribution to Social Security Fund (10%) and other Social Welfare Benefits (10%).

- Administrative/Overheads and Estate Overhead costs are based on the prevailing rates in the market and needs of the proposed project.

4.2 Major Operating Costs

Major production cost items are indicated in Appendix 1 (Production Costs). under the Financial Statements Section. They include all direct, labour and operating costs

Corporate Tax is fixed at 30% of taxable profits.
The project will be granted TISEZA Certificate of Incentives and therefore enjoy tax reliefs on both capital and deemed capital goods.

4.3 Analysis of Financial Results

Following are highlights of the financial projections and analysis:

Annex IV – Trading Account

Operations of the project are profitable from year 1 when the company posts a net profit after tax of US$ 44,198-.
The profitability position increases during the subsequent two years due to increase in utilization of installed capacity, raising to US$ 60,871- in year two, 78,843- in year three before stabilizing at US$ 90,204 in year four.

Appendix V – Sources and Uses of Funds

The projected Cash flow for Financial Planning indicates that the project will generate enough cash to meet its financial obligations. The cumulative cash balance after tax during the project period grows over eight (8) fold, increasing from US$ 44,198- in year one to US$ 364,320 in year five at the end of the assumed economic life of the project. This is a positive indication that the project is liquid enough to meet its cash requirements to support its production operations.

Appendix VI - Projected Balance Sheets

The balance sheets indicate a favourable state of affairs of the project throughout the projected period. Similarly, current liabilities are well covered by the current assets, the current assets to current liabilities ratio ranging from 3.45 to 7.57. The company net-worth (Initial Shareholders Equity plus Retained Earnings) shows remarkable growth, growing 2.2 fold during the economic life of the project, increasing from US$ 303,800- at the end of construction period to US$ 668,120- by end of the 5th year, a significant growth in the value and profitability of the company.

Payback Period

The Normal Payback Period is 4.31 years at zero discount rate

Key Financial Ratios

- **Return on Equity (RoE)** tells us how much profit the firm generates for each dollar of equity it owns. RoE on this project by the end of its assumed economic life at year five (5) is 54.53%, translating to a return of 54.53 for every 100 equity dollars invested in the project. This indicates that the project is reasonably profitable, over and above the industrial standard return of 15-20%.

- **Return on Investment (RoI)**

  Is a performance measure used to evaluate the efficiency or profitability of an investment. RoI on this project is 63.44%, a return of 63.44 for every 100/= dollars invested.

- **Debt to Equity Ratio (D/E Ratio)**

  is used to evaluate a company's financial leverage. It is a measure of the degree to which a company is financing its operations with debt rather than its own resources. D/E Ratio for this particular project is only 0.34 by far lower than the standard range of 2 to 2.5. This result tells us that resource allocation in this project is not optimal. The directors should consider more borrowing to seize growth opportunities.

- **Equity to Total Liabilities**

  Ratio range from 0.84 at the end of first year of operation, increasing as the loan amount is reduced before reaching 1.02 at year four when the loan is fully paid, and 1.34 by the end of the assumed project life at year five.

- **Internal Rate of Return**

  The project's internal rate of return (IRR) after tax is given under Annex IX. This is estimated at 25%, well above the assumed cost of capital of 18% used for the study. Again, this is an indicator that this project is viable and should therefore be undertaken.

- **Break-even Analysis**

  This has been well analyzed in figures under Annex IX. Break-even ratio for this project computes to 89.45%. This tells us that the firm can break-even when it operates at 89.45% of the assumed workshop operations capacity.

- **Payback Period**

  This gives an estimated period from start of operation to the time when initial fixed investment is recovered through profits after tax and depreciation charges. As shown under Annex VIII, the normal payback period for this project is estimated at around 4.31 at 0% discounting rate.

o **Sensitivity Analysis**

From the analysis carried out on changes of some key factors to show their effect on profitability and IRR, the project shows to be more sensitive to changes in price than changes in decline in capacity utilization and increase in direct operating costs.

Table 4.1: Cash flow for Financial Planning (IN US$)

ITEM/YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 3 ONWARDS
Total Cash Inflow	464,000	493,000	522,000	522,000	522,000
Total Cash Out Flow(Including loan interest and corporate taxes)	356,664	475,369	486,434	475,055	368,658
Surplus (Deficit)	44,198	60,871	78,843	90,204	90,204
Cumulative Cash Balance	44,198	105,069	183,912	274,116	364,320

4.4 Projected Balance Sheet

The projected balance sheet of the project appears under Annex VII of the Financial Projections and Analysis of this project document. Fixed assets net of depreciation reduce from US$ 574,300- at full construction period to US$ 258,610- by the 5th year of operation. On the other hand cash and bank balances increase from US$ 44,198- at the end of first year of operation to US$ 364,320 in the end of fifth year. The project's net worth rises from US$ 303,800- in the first year of operation to US$ 668,120- by end of the fifth year.

4.5 Sensitivity Analysis

From the analysis carried out on changes of some key factors to show their effect on profitability and IRR, the project shows to be more sensitive to changes in price than changes in decline in capacity utilization and increase in direct operating costs.

5.0 ECONOMIC AND SOCIAL BENEFITS

The project is expected to have the following development/social/economic benefits:-

5.1 Direct employment opportunities for about 18 skilled and semi-skilled personnel with many more casual/seasonal workers and several technical and financial consultants will be created,

5.2 The project will contribute approximately US$ 156,134- over a period of five (5) years to the Government revenue in form of Corporate Tax

5.3 The project will attract a Foreign Currency savings each year by Restoration, Rehabilitation and Reconditioning of vehicles which would have otherwise been considered as scrap and hence creating demand for imports of replacements.

5.4 The project will develop local skills in restoration, rehabilitation and reconditioning of vehicles using the state of art technology.

6.0 CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

The financial review of Fu Wang Heng Jiu Co.Limited project for developing a modern workshop for restoration, rehabilitation and reconditioning of accidented motor vehicles and machinery equipment shows that:

- The Project is profitable.
- Liquidity is sound and that is in a position to discharge its financial obligations without any undue difficulties
- The operations are financially viable.
- The Key Ratios are acceptable

In all aspects, the project is feasible, sustainable and beneficial not only to the investors but also to the ultimate consumers and the public as a whole.

6.2 Recommendations

Provided all other economic factors remain substantially the same, it is strongly recommended that the project be implemented with immediate effect.

It is further recommended that an application for TIC Certificate of Investment Incentives be submitted to Tanzania Investment and Special Economic Zones

(TISEZA) with a view to benefit from investment benefits and protection as statutorily allowed under Tanzania Investment and Special Economic Zones Act, (2025).

The project promoters are also advised to seek Bank Term Loan to the tune of US$ 270,500 to supplement the capital required for financing and acquisition of ultra modern machinery, tools and equipment for the Auto Workshop to facilitate the rehabilitation, restoration and reconditioning of motor vehicles as well as machinery equipment. T

Financial Projections and Analysis

FINANCIAL PROJECTIONS AND ANALYSIS							
Fu Wang Heng Jiu Co. Limited							
ANNEX I: INVESTMENT AND REPLACEMENT SCHEDULES (IN US$)							
Year		2025	2026	2027	2028	2029	2030
COST ITEM/YEAR		**YEAR 0**	**YEAR 1**	**YEAR 2**	**YEAR 3**	**YEAR 4**	**YEAR 5**
Investment Assets							
Land and Buildings		**59,800**					
Structuresand Civil Works							
PLANT, MACHINERY, TOOLS & EQUIPMENT		**390,500**					
This item includes (but not limited to) the following:							
Verta Spray Booth (1 units)	1						
Car-o-Linear Mark 6ME (1 Unit)	1						
Electro-mechanical 2 Post Lift (2 units)	2						
Electro-hydraulic 4 Post Lift (2 units)	2						
Erco 25 Lifter (2 units)	2						
E.C. BK20-500-10 40050 CC, Rosso (1 unit)	1						
Timing Torch (Stroboscope) Diezel & (2 units)	2						
Optical Alignment Gauge/Gabon Gauge (1 set)	1						
Compression Gauge (1 unit)	1						
Stethoscope (Knocking Sound Tester (1 unit)	1						
Pressing Machine (at least 4 tonnes) 1 unit	1						
Torque – Wrench (1 unit)	1						
Clutch Aligning Tool (1 set)	1						
Wheel Balance Machines (1 unit)	1						
VP4 Vulcanizer (1 unit)	1						
Tyre Changer Machine (1 unit)	2						
Trolley Jack RH 20-490 (2 units)	2						
Trolley Jack RH 60-575 (2 units)	2						
Percus Wrench RT-1148	2						
Head Light Aligners	2						
All kinds and description of machinery, tools and equipment							
Assorted Workshop Tools & Accessories							
MOTOR VEHICLES		33,500					
Pick ups	2						
Furniture, Fixture and Office Equipment		4,500					
Miscellaneous Expenses		6,000					
Pre-production Expenditures		20,000					
Working Capital		60,000					
TOTAL CAPITAL INVESTMENT COST		**574,300**					
ANNEX II: DEPRECIABLE FIXED ASSETS							
Structures and Civil Works(Scrap Value = 30%)	20%	59,800	59,800	59,800	59,800	59,800	59,800

Machinery, Tools and Equipment (scrap value 35%)	12.5%	390,500	390,500	390,500	390,500	390,500	390,500
Vehicles (scrap value 20%)	20%	33,500	33,500	33,500	33,500	33,500	33,500
Furniture, Fixture and Equipment (scrap value 15%)	12.5%	4,500	4,500	4,500	4,500	4,500	4,500
Miscellaneous Expenses	20%	6,000	6,000	6,000	6,000	6,000	6,000
Initial Working Capital	20%	60,000	60,000	60,000	60,000	60,000	60,000
Pre-operation Expenses	20%	20,000	20,000	20,000	20,000	20,000	20,000
Total		**574,300**	**574,300**	**574,300**	**574,300**	**574,300**	**574,300**
Depreciation							
Cummulative Depreciation			63,138	126,276	189,414	252,552	315,690
Cummulative Investment on Depreciable Assets			574,300	574,300	574,300	574,300	574,300
Book Value of the Assets			**511,162**	**448,024**	**384,886**	**321,748**	**258,610**
ANNEX III: LOAN INTEREST AND REPAYMENT SCHEDULE(IN US$)							
Years		**0**	**1**	**2**	**3**	**4**	**5**
Loan Receipt		270,500	0	0	0	0	0
Loan Repayment	3 years			**90,166**	90,167	90,167	0
Loan interest	18%		**48,690**	48,690	32,478	**16,230**	0
Total Payment			**48,690**	138,856	122,645	**106397**	0
Balance outstand		270,500	270,500	180,434	90,167	0	0
ANNEX IV: WORKING CAPITAL SCHEDULE (IN US$)							
Year		0	1	2	3	4	5
Current Assets							
Stock of materials			29,342	37,595	53,335	53,335	53,335
Stock of output			42,808	51,436	63,085	63,085	63,085
			72,150	89,031	116,420	116,420	116,420
Current liabilities			58,021	31,167	29,167	29,167	29,167
Total W/C			130,171	120,198	145,587	145,587	145,587
Incremental W/C			-9,973	25,389	0	0	0
ANNEX V: TRADING ACCOUNT (IN US$)							
ITEM/YEAR		0	1	2	3	4	5
Direct Production Costs			179,200	197,900	214,600	214,600	214,600
Salaries/Wages/Allowances			44,544	47,238	50,112	50,112	50,112
Indirect Costs			65,288	65,288	65,288	65,288	65,288
Total Operating Costs			289,032	310,426	330,000	330,000	330,000
Total Operating costs			289,032	310,426	330,000	330,000	330,000
Sales Revenue			464,000	493,000	522,000	522,000	522,000
Trading Profit			174,968	182,574	192,000	192,000	192,000
Trading Profit as% of Sales			37.71%	37.03%	36.78%	36.78%	36.78%
Years		**0**	**1**	**2**	**3**	**4**	**5**

Trading Profit			174,968	182,574	192,000	192,000	192,000
Annual depreciation			63,138	63,138	63,138	63,138	63,138
Loan interest			48,690	32,478	**16,230**	0	**0**
Net Profit			63,140	86,958	112,632	128,862	128,862
Net Profit as % of Sales			13.61%	17.64%	21.58%	24.69%	24.69%
Cumm. Net Profit			63,140	150,098	262,730	391,592	520,454
Tax at 30%	30%		18,942	26,087	33,789	38,658	38,658
Net Profit After Tax			44,198	60,871	78,843	90,204	90,204
Net Profit After Tax as % of Sales			9.52%	12.35%	15.10%	17.28%	17.28%
Cumm. Net Profit after tax			**44,198**	**105,069**	**183,912**	**274,116**	**364,320**
ANNEX VI: SOURCES AND USES OF FUNDS (IN US$)							
SOURCES & USES/YEAR		0	1	2	3	4	5
Sources							
Owners' Equity		303,800					
Local Bank Term Loan		270,500					
Sales Revenue		0	464,000	493,000	522,000	522,000	522,000
Total Sources		574,300	464,000	493,000	522,000	522,000	522,000
Use of Funds							
Total Invest. Costs		574,300					
Operating Cost			289,032	**310,426**	**330,000**	**330,000**	**330,000**
Incremental W/C			(-148,169)	(-127125)		-	-
Loan Repayment				90,166	90,167	90,167	0
Loan interest			48,690	48,690	32,478	16,230	0
Tax at	30%		18,942	26,087	33,789	38,658	38,658
Total Uses		574,300	356,664	475,369	486,434	475,055	368,658
Balance			44,198	60,871	78,843	90,204	90,204
Balance/CF		-	44,198	105,069	183,912	274,116	364,320
ANNEX VII: PROJECTED BALANCE SHEET AT THE END OF EACH YEAR (IN US$)							
				5			
		2025	**2026**	**2027**	2028	2029	2030
PERIOD		**YEAR 0**	**YEAR 1**	**YEAR 2**	**YEAR 3**	**YEAR 4**	**YEAR 5**
ASSETS							
Current Assets							
Cash C/F			44,198	105,069	183,912	274,116	364,320
Stock of materials			65,920	93,954	105,717	129,691	131,877
Stock of output			90,239	101,215	109,948	137,407	139,592
Total			**200,357**	**300,238**	**399,577**	**541,214**	**635,789**
Investment Assets							
Structures and Civil Works		59,800	51,428	43,056	34,684	26,312	17,940
Machinery, Tools & Equipment		390,500	358,772	327,044	295,316	263,588	231,860
Motor Vehicles		33,500	28,140	22,780	17,420	12,060	6,700
Furniture & Office Equipment		4,500	4,022	3,544	3,066	2,588	2,110

Pre-production Costs		20,000	16,000	12,000	8,000	4,000	0
Miscellneous Expenses		6,000	4,800	3,600	2,400	1,200	0
Working Capital		60,000	48,000	36,000	24,000	12,000	0
Total Investment Book Value		**574,300**	**511,162**	**448,024**	**384,886**	**321,748**	**258,610**
TOTAL ASSETS		**574,300**	**711,519**	**748,262**	**784,463**	**862,962**	**894,399**
LIABILITIES AND EQUITY							
Current liabilities			58,021	91,167	119,656	125,068	84,006
Other Liabilities			35,000	67,792	86,928	159,978	142,273
			93,021	158,959	206,584	285,046	226,279
Loan outstanding		270,500	270,500	180,434	90,167	0	0
Equity		303,800	303,800	303,800	303,800	303,800	303,800
Cumm. Net Profit after tax			44,198	105,069	183,912	274,116	364,320
TOTA LIABILITIES AND EQUITY		**574,300**	**711,519**	**748,262**	**784,463**	**862,962**	**894,399**
Key Ratios							
CL/CA			**0.29**	**0.3**	**0.3**	**0.23**	**0.13**
CA/CL			**3.45**	**3.29**	**3.34**	**4.33**	**7.57**
Net Worth		**303,800**	**347,998**	**408,869**	**487,712**	**577,916**	**668,120**
ANNEX VIII - INTERNAL RATE OF RETURN ON INVESTMENT							
Method of Computation: Double Your Money Scenario							
Number of years required to double investment money = 5			-				
100/3x75% = 25%							
ANNEX IX – PAYBACK PERIOD							
Payback Period Analysis							
	Year	Beginning Balance	Net Profit After Tax	Ending Balance			
Cost of investment	0	-303,800	0	-303,800			
	1	-259,602	44,198	-259,602			
	2	-198,731	**60,871**	-198,731			
	3	-198,731	**78,843**	-119,888			
	4	-119,888	90,204	-29,684			
	5	-29,684	90,204	60,520			
Payback Period =	4.31	Years					
ANNEX X: RETURN ON EQUITY (RoE)							
RoE = Net Income AfterTax/Shareholders Equity x 100							
Net Income After Tax for 5 years = Cummulaive Net Ptofit After Tax							
Shareholders Equity = Initial Equty + Retained Earnings (Cummultive Net Income After Tax)							
Net Income After Tax for 5 years	364,320						

Initial Shareholders Equity	303,800						
Add: Cummulative Net Proofit After Tax	364,320						
	668,120						
RoE = 364320/668120x100	**54.53%**						
ANNEX XI: RETURN ON INVESTMENT (RoI)							
RoI = Final Value - Initial Cost/Cost of Investment x 100							
Final Value	668,120						
Minus Initial Cost	303,800						
	364,320						
Divide by Cost of Investment	574,300						
RoI = 668,120 - 574,300/574,300 x 100=	**63.44%**						
ANNEX XII: DEBT TO EQUITY RATIO (D/E RATIO)							
D/E Ratio after 5 years= Company's Total Liabilities divide by its Shareholders Equity.							
Total Liabilities = Current + Long Term Liabilities							
Total Liabilities = 226,279							
Shareholders Equity = Owners Equity + Cummulative Retained Earnings After Tax =			668,120				
D/E Ratio = 226,279/668,120 =	**0.34**						
ANNEX XIII BREAK-EVEN POINT							
Break-even Point = Gross Profit Margin/Fixed Costs x 100							
Gross Profit = 127,185	192,000						
Fixed Cost = 181,214	214,600						
Break-even Point =							
Beak-even Point =192,000/214,600 x 100 =	**89.45%**						

APPENDIX 1: PRODUCTION COSTS	(IN US$)					
	2025	2026	2027	2028	2029	2030
	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Direct Costs						
Spares, Parts and Accessories	0	107,440	113,530	119,620	119,620	119,620
Worshop Materials	0	47,840	59,580	61,320	61,320	61,320
Other Workshop Supplies	0	23,920	24,790	33,660	33,660	33,660
Sub total	**0**	**179,200**	**197,900**	**214,600**	**214,600**	**214,600**
Salaries, Wages & Allowances						
Salariesand Wages		37,120	39,440	41,760	41,760	41,760
Labour Overhead Costs		7,424	7,888	8,352	8,352	8,352
Total Salaries, Wages and Overheads		**44,544**	**47,238**	**50,112**	**50,112**	**50,112**
Total Direct Costs and Labour	**0**	**223,744**	**245,138**	**264,712**	**264,712**	**264,712**
Operating Costs						
Water Supply & Treatment		7,200	7,200	7,200	7,200	7,200
Rapairs & Maintenance of Major Assets		10,800	10,800	10,800	10,800	10,800
Motor Vehicle Running Expenses		7,250	7,250	7,250	7,250	7,250
Workshop Overheads		15,633	15,633	15,633	15,633	15,633
Administrative Overheads		7,375	7,375	7,375	7,375	7,375
Licences, Permits and Authorizations		6,000	6,000	6,000	6,000	6,000
Marketing & Travelling Costs		11,030	11,030	11,030	11,030	11,030
Consultancy Services		6,000	6,000	6,000	6,000	6,000
Total		**65,288**	**65,288**	**65,288**	**65,288**	**65,288**
GRAND TOTAL	**0**	289,032	**310,426**	**330,000**	**330,000**	**330,000**

APPENDIX II: ANNUAL DEPRECIATION AND AMORTIZATION OF ASSETS (IN US$)									
CAPITAL ITEM/YEAR	Scrap Value	Rate	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Land & Buildings									
Structures & Structures			59,800						59,800
Commulative Investment			59,800	59,800	59,800	59,800	59,800	59,800	0
Annual Depreciation	30%	20%	0	8,372	8,372	8,372	8,372	8,372	41,860
Book Value - Buildings			59,800	**51,428**	**43,056**	**34,684**	**26,312**	**17,940**	**17,940**
Machinery, Tools & Equipment			390,500						
Cumulative Investment			390,500	390,500	390,500	390,500	390,500	390,500	390,500
Annual Depreciation	35%	12.5%	0	31,728	31,728	31,728	31,728	31,728	158,640
Book Value			390,500	**358,772**	**327,044**	**295,316**	**263,588**	**231,860**	**231,860**
Vehicles			33,500						**33,500**
Cumulative Investment			33,500	33,500	33,500	33,500	33,500	33,500	33,500
Annual Depreciation	20%	20%	0	5,360	5,360	5,360	5,360	5,360	**26,800**
Book Value			33,500	**28,140**	**22,780**	**17,420**	**12,060**	**6,700**	**6,700**
Furniture & Office Equipment			4,500						23,000
Cumulative Investment			4,500	4,500	4,500	4,500	4,500	4,500	4,500
Annual Depreciation	15%	12,5%	0	478	478	478	478	478	**2,390**
Book Value			4,500	**4,022**	**3,544**	**3,066**	**2,588**	**2,110**	**2,110**
Pre-production Costs			20,000						20,000
Cumulative Investment			20,000	20,000	20,000	20,000	20,000	20,000	20,000
Annual Depreciation	0%	20%	0	4,000	4,000	4,000	4,000	4,000	20,000
Book Value			20,000	**16,000**	**12,000**	**8,000**	**4,000**	0	0
Initial Working Capital			60,000						60,000
Cumulative Investment			60,000	60,000	60,000	60,000	60,000	60,000	20,000
Annul Depreciation	0%	20%	60,000	12,000	12,000	12,000	12,000	12,000	60,000
Book Value			**60,000**	**48,000**	**36,000**	**24,000**	**12,000**	0	0
Miscellaneous Expenses			**6,000**						**6,000**
Cummulative Investment			6,000	6,000	6,000	6,000	6,000	6,000	6,000
Annual Depreciation	0%	20%	0	1,200	1,200	1,200	1,200	1,200	6,000
Book Value			6,000	**4,800**	**3,600**	**2,400**	**1,200**	0	-
Total Cummulative Book Value									
Structures & Civil Works			59,800	51,428	43,056	34,684	26,312	17,940	
Machinery, Tools and Equipment			390,500	358,772	327,044	295,316	263,588	231,860	

Motor Vehicles			33,500	28,140	22,780	17,420	12,060	6,700	
Furniture & Office Equioment			4,500	4,022	3,544	3,066	2,588	2,110	
Pre-production Costs			20,000	16,000	12,000	8,000	4,000	0	
Miscellaneous Expenses			6,000	4,800	3,600	2,400	1,200	0	
InitialWorking Capital			60,000	48,000	36,000	24,000	12,000	0	
Total			574,300	511,162	448,024	384,886	321,748	258,610	
Total Cummulative Depreciation									
Buildings & Structures				8,372	16,744	25,116	33,488	41,860	
Machinery, Tools and Equipment				31,728	63,456	95,184	126,912	158,640	
Motor Vehicles				5,360	10,720	16,080	21,440	26,800	
Furniture & OfficeEquioment				478	956	1,434	1,912	2,390	
Pre-production Costs				4,000	8,000	12,000	16,000	20,000	
Miscellaneous Expenses				1,200	2,400	3,600	4,800	6,000	
Working Capital				12,000	24,000	36,000	48,000	60,000	
Total				**63,138**	**126,276**	**189,414**	**252,552**	**315,690**	

Appendix III:						
PROJECTED SALES REVENUE - I (IN US$)						
	2025	2026	2027	2028	2029	2030
	Year 0	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Rehabilitation, Recondition and Restoration of Vehicles		324,800	345,100	365,400	365,400	365,400
Rehabilitation, Recondition and Restoration of Machinery		92,800	98,600	104,400	104,400	104,400
Sale of Fabricated Parts and Spares		46,400	49,300	52,200	52,200	52,200
Sales Revenue		**464,000**	**493,000**	**522,000**	**522,000**	**522,000**