

Investment proposal for the project «Organization of production of personal computers»

1. Project Title - «Organization of production of personal computers»;

2. General information on the project initiator: Association "Uzeltexsanoat" is established in 1994 according to the decision of the Government of Republic Uzbekistan and at current stage of its development unites on a voluntary basis more than 25 large enterprises of electrotechnical industry of the republic.

The primary goal of "Uzeltexsanoat" is to carry out common technical policy in electro-technical sphere of the economy, promote creation of new factories for production of electro technical products as well as to facilitate attraction of investments and high technologies and innovative technologies into the electro technical industry of Uzbekistan.

Enterprises that are members of the Association specialize on four basic directions of activity: manufacture of cable-wire products, production of industrial power and electric equipment (low and the high-voltage equipment, transformers, substations, switchboards, elevators, motorcycles and trailers, agricultural equipment, spare parts and components for automobiles, etc.), manufacture of home appliances and consumer electronics (TVs, refrigerators, air-conditioners, lighting equipment, semiconductors, etc.) and rendering services for repair of industrial equipment.

In 2009 the total volume of production and rendered services within the system of "Uzeltexsanoat" has made 372,7 bln.soums (245 Mln USD), and production growth rate in comparison with 2008 has made 117,2 %. Export in 2009 has made 68,9 Mln.USD and CIS and Central Asian markets are the major customers of the products.

Address. 13, Moverannahr Street, Tashkent, Uzbekistan, 100047
Phone. (99871) 2322069, 2332657, 2332885 Fax. (99871) 2333631
The Internet: www.uzeltex.uz Email. info@uzeltex.uz

3. Information on the enterprise on the basis of which it is planned to realize the project:

The project is offered for realization within the territory of the Free Industrial Economic Zone «Navoi» (Uzbekistan).

4. Information on the project. The project will be focused on the production of:

№	Product Title	Forecasted volume of production in 1 st year of project implementation (in K pcs)
1	Personal computers	50,0

4.1. Marketing:

- In accordance with preliminary calculations, due to growing purchasing power of population and dynamic development of telecommunications and ICT sphere of Uzbekistan an annual demand for the computers on the local market only can make up to 350K pcs per year. Major customers of the products on the market are public agencies, institutions, organizations and private sector companies as well as population. Drawing up of demand figures has been based on the following factors: average period of change or modifications of PC is 2 years, quantity of families - 5,4 million, 248,5 K new families created annually, 60 % of families (3,24 million) live in a rural areas, 40 % of families (2,16 million) live in urban areas, annual population growth rate - 2 %.
- Annual volume of production at 100 % production capacity is up to 200K pcs of PC equipment per year.
- Local market of Uzbekistan will be selected as the primary marketing target for the products. At next states efforts will be made to enter the markets of Central Asian countries that are territorially close to production cite, as well as CIS countries. During the first stage of project implementation it is expected that share of exported goods can make up to 25 % from total volume of production. At later stages of project implementation the share of export will be brought up to 50 % from total production volume that will significantly reduce currency convertibility expenses. Uzbekistan is a member of CIS free trade zone, which consists of 12 CIS countries, which mean that products produced in Uzbekistan, can be sold throughout CIS region without import custom duties in countries of destination provided that localization degree of the goods produced in Uzbekistan is enough to obtain Certificate of Origin (ST1).
- Currently, full scale production of PC in Uzbekistan and the market of Central Asia is absent, which means that demand on local markets for white goods (branded PC) is being satisfied with imported goods. At the same time lot of small firms and private entrepreneurs assemble PC from components imported from China. The following world known brands are hot selling brands on local market: "Hewlett Packard", «Fujitsu Siemens», «Lenovo», «Sony Viao», «Great Wall», «Dell», «Acer» etc.

4.2. Manufacture:

- The demand for the raw materials consists of the following - Imported: adapters, bluetooth, battery, antenna, vibration engine, screws, font (bluetooth), fonts (hands free), loud speaker, USB, automobile holders, joysticks, keypad, dynamics, ringers, display, chargers, protection films, camera, card readers, memory cards, micro schemes, microphone, PCB holders, instruments, power supplies, microscopes, optics, soldering stations, programmers and etc. Local: plastic details, keypad, body, panels, data cables, cables for boxes, packing from cardboards, foam plastic filler for mobile telephone, packing and consumable materials, stencils, slaves (scotch tape, label, protection film), instructions and brochures, software.
- Technological process: SMT soldering of electronic boards (mother board, video card, electronic module of the power block), stamping and assembly of the metal case of PC and power bloc, manufacture of plastic parts of the case, keyboard, mouse on plastic injection machines, conveyer assembly of PC and testing..
- Major suppliers and manufacturers of necessary equipment could be Japanese ICT companies, as well as other companies from Asia and the Pacific region (Juki, Jintuo, Peking University Founder Group Co, Huangdi, Zhen Da, Yinggelansuo, HACO, Dong Shin, Engel etc).
- The Basic suppliers of the equipment and completing materials can be: various Japanese companies as well as companies of Asia and the Pacific region (□Foreign - Asbis Distribution, FDC International FZE, Apacer Technology, IT Adventures LLC, also local – JSC “Uzelectroapparat-electroshield”, JV “Deutche Cable AG Tashkent”, JV “Zenith Electronics”, LLC “Axoft International”).
- Number of workplaces: managerial positions -15 person, technical staff - 100 people.

4.3. Construction, reconstruction or modernization: New construction;

The required land area: offices – 0,5 hectare, production areas - 1,2 hectare, warehouses - 0,3 hectare.

Requirements in industrial infrastructure:

- Necessity for a railway - required;
- Water supply - 8600 thousand cubic meters per year.
- Electricity - 25000 kW in one year.
- Gas - 90 thousand cubic meters per year
- Drainage - 9700 thousand cube meters per year

4.4. Financial part (cost of the project):

№	Project Cost, incl.	Unit	Cost	Sources of Financing			
				Own funds	FDI	Public funds	Credits
1	Construction works	Mln USD	1,2	-	1,2	-	-
2	Equipment	Mln USD	5,0	-	5,0	-	-
3	Floating capital	Mln USD	1,3	-	1,3	-	-
Total:		Mln USD	7,5	-	7,5	-	-

Approximate duration of construction works -10 months.

5. Expected results from realization of the project: Volume of manufacture and sales revenues:

Product Title	1 year		2 year		3 year		4 year	
	Qty (K pcs)	Amount (Mln USD)						
Personal computers	50,0	12,5	100,0	25,0	150,0	37,5	200,0	50,0

- Approximate sale price of the item - 250,0 USD;
- Approximate payback period of the project - 4 years.

6. A condition of development and examination of the documentation under the project. Process of development the project documentation and feasibility study will be initiated after preliminary negotiations with the potential investor on the issues of cooperation.

**Passport of the investment proposal for the project
« Organization of production of personal computers»**

N	Indicators	Unit	Project parameters	Notes
1.	Total project cost, incl.:	thousand USD	7500,0	
1.1.	National currency	Mln.Soums	-	
1.2.	Foreign currency	thousand USD	7500,0	
2.	Expenses in foreign currency, total	thousand USD	7500,0	
2.1.	incl. Equipment	thousand USD	5000,0	
2.2.	Construction works	thousand USD	1200,0	
2.3.	Floating capital	thousand USD	1300,0	
3.	Expenses in local currency, total	Mln.Soums	-	
3.1.	Incl. for Equipment	Mln.Soums	-	
3.2.	For Construction	Mln.Soums	-	
4.	Sources of Financing :			
4.1.	Public funds	Mln.Soums	-	
4.2.	Foreign credits	thousand USD	-	
-	Incl. under the Government guarantee	thousand USD	-	
4.3.	FDI, total	thousand USD	7500,0	
-	Incl. Contribution to Charter funds	thousand USD	-	
4.4.	Own funds	Mln.Soums	-	
4.5.	Credit of Commercial banks	Mln.Soums	-	
4.6.	Other sources (identify)	Mln.Soums	-	
5.	Approximate number of workers,	Person	110	
5.1.	Incl. newly created jobs	Person	110	
6.	Duration of construction works	Months	10	
6.1.	Expected starting date of construction works	Months	After identification of foreign partners	
6.2.	Expected starting date of production	Months	After completion of construction works	
7.	Approximate project payback period	Years	4	
8.	Volume of annual production (at 100% production capacity)	Thousand pieces	200,0	
8.1.	Incl. Export (at 100% production capacity)	Thousand pieces	Up to 50,0	
9.	Annual gross income from the product sales (at 100% production capacity)	Bln. soums	Up to 78,5	
-	Incl. Export (at 100% production capacity)	Thousand USD	Up to 12500,0	
10.	Markets:			
10.1.	Local market share (at 100% production capacity)	%	75,0	
10.2.	Foreign markets share (at 100% production capacity)	%	25,0	

1 USD = 1570 Soum