



MAHACINA

Financial & ROI Analysis

3,000 Tons/Year Localized Paint Manufacturing Project | Client Business Assessment

Minimum Startup Capital
\$220k-\$240k

Design Capacity
3,000 Tons/Year

Est. Payback Period
14-16 Months

This document is for business feasibility reference only and does not constitute guaranteed returns. Actual investment returns depend on various operational factors.



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From project overview to execution — comprehensive investment logic & returns analysis.

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Project Key Metrics Overview

Project Investment Summary — Quick guide to investment scale, capacity, per-bucket profit & payback

Minimum Startup Capital

\$220k

Std. Commercial \$350k-\$500k

Basic startup covers production line setup, initial production & market validation; Standard commercialization covers inventory, payment terms, marketing & quality buffer.

Design Capacity

3,000 Tons/Year

~128,200 Buckets/Year

Covers architectural, waterproofing, flooring & select industrial coatings. 20L bucket size with actual 18L fill.

Per-Bucket Model

Cost **\$15.65** / Bucket

Selling Price **\$31.54** / Bucket

Gross Profit **\$15.89** / Bucket

Local manufacturing gross profit is ~2x import resale model, ~50.4% gross margin.

Payback Basis

14-16 Months

At 35% capacity with normal collections

Based on current model projections; actual period depends on selling price, capacity utilization & cash collection efficiency.

Document Purpose & Important Note

This document helps potential partners, investors and regional collaborators understand MAHACINA's localized paint manufacturing project structure, cost advantages, revenue projections, cash flow requirements and implementation path. Data herein are preliminary business estimates; before entering specific countries or regions, figures should be calibrated against local wholesale prices, tariffs, logistics, rent, labor, payment terms, certification costs and financing conditions.

Important Note: This document is for business feasibility reference only and does not constitute guaranteed returns. Actual ROI depends on capacity ramp-up, selling prices, raw material costs, channel development, collection cycles, compliance costs and daily operational efficiency.

1.Project Investment Summary

This section is designed to enable partners to quickly grasp the project's investment scale, production capacity metrics, per-barrel profit margins, and the underlying basis for payback period calculations. When reviewing this page, particular attention should be paid to three key aspects: whether local manufacturing can effectively reduce unit costs; whether a realistic sales channel exists to absorb 35% of the production capacity; and whether the initial capital is sufficient to cover inventory requirements and accounts receivable cycles.

Key Metrics	Benchmark Data	Description
Project Type	Light-asset localized paint manufacturing startup	Build local production first, then scale based on market performance.
Design Capacity	~3,000 tons/year paint production	Covers architectural, waterproofing, flooring & select industrial coatings.
Packaging & Fill Basis	20L bucket, actual 18L fill	All bucket counts, costs and revenues calculated based on actual 18L/bucket.
Weight per Bucket	~23.4kg/bucket	18L × 1.30kg/L.
Full Capacity Buckets	~128,200 buckets/year	3,000,000kg ÷ 23.4kg/bucket = 128,200 buckets.
Minimum Startup Capital	~\$220,000-\$240,000	Suitable for basic production line setup, initial production & market validation.
Standard Commercial Capital	~\$350,000-\$500,000	Better suited for covering inventory, payment terms, marketing, quality buffer and Phase 1 commercial operations.
Local Manufacturing Cost/Bucket	~\$15.65/bucket	Includes raw materials, logistics, tariffs, manufacturing & packaging costs.
Benchmark Gross Profit/Bucket	~\$15.89/bucket	Local manufacturing gross profit is ~2x import resale model, ~50.4% gross margin.

Projected Payback Period: Approximately **14–16 months**, assuming normal cash collection from 35% of production capacity. Based on current model projections, the actual payback period is contingent upon sales prices, capacity utilization rates, and cash recovery efficiency.

This document serves as a preliminary investment projection and reference regarding commercial feasibility; it does not constitute a guarantee of fixed returns. Prior to entering specific national or regional markets, it is recommended that the financial model be further calibrated based on actual local data.

2. Model Assumptions & Calculation Basis

Standardize measurement basis before revenue, gross profit and ROI calculations

This model uses a 3,000 tons/year localized paint factory as basis, with 20L bucket / 18L actual fill interior latex paint as the per-bucket example. Costs and prices vary by product line. The model must standardize measurement basis before revenue, gross profit and ROI calculations.

Calculation Item	Benchmark	Note
Annual Design Capacity	3,000 tons/year	For basic investment & capacity conversion calculations.
Average Density	1.30kg/L	Adjust per SKU density in actual projects.
Sales Packaging	20L specification bucket	Market display and sales packaging spec.
Actual Fill Volume	18L/bucket	Model calculates based on actual 18L fill, not nominal 20L.
Weight per Bucket	23.4kg/bucket	$18L \times 1.30kg/L = 23.4kg$.
Full Capacity Buckets	~128,200 buckets/year	$3,000\text{ tons} \times 1,000kg \div 23.4kg/bucket$.
Total Local Manufacturing Cost	\$15.65/bucket	Includes raw materials, logistics, tariffs, manufacturing & packaging.
Benchmark Wholesale Price	\$31.54/bucket	Calibrate to target country's mainstream wholesale price range.
Taxes & Financing Costs	Not included in baseline model	Update per target country tax rates, financing terms & license costs before formal investment.
Collection Cycles	Model 30/60/90-day payment terms	Different terms directly impact receivables and startup capital requirements.

Calibration Note: If the selling price, customs duties, packaging container costs, or payment terms in the target country differ from those assumed in this model, the Return on Investment (ROI) will be affected. Therefore, a review of local market pricing and cost data should be completed prior to signing the formal investment agreement.

3.1 Project Model and Core Values

Import Finished Goods vs. Traditional Build vs. MAHACINA

This section compares three market entry paths: Import Finished Goods, Traditional Self-built Factory and MAHACINA Local Manufacturing. For partners, the key is not choosing the 'lowest cost' path, but the one that builds local supply capabilities, profit margins and long-term barriers fastest.

Comparison Dimension	Import Finished Goods	Traditional Self-built Factory	MAHACINA Local Manufacturing
Investment Threshold	Relatively simple to start, but limited profit margins.	Higher investment, requires R&D, equipment, team and time.	Moderate investment, quick startup with proven system.
Profit Structure	Trade margins only, limited gross profit upside.	Depends on R&D capability, scale effects and management efficiency.	Manufacturing + channel + brand premium + recurring profits.
Supply Chain Efficiency	Shipping finished goods, high logistics, tariff and inventory pressure.	Must build own supply chain, longer validation cycle.	Ship key raw materials, local blending, packaging and delivery.
Localization Capability	Slow color, packaging and product adjustment.	Strong localization, but high technical and management barriers.	Quickly adjust product mix, colors and packaging per local market.
Quality Control	Depends on import batch consistency.	Depends on self-built R&D, production and QC capabilities.	Improved via standard formulas, SOPs, sample retention and QC training.
Long-term Barriers	Channel barriers only.	Combined tech, brand, factory and management barriers.	Regional licensing, formula library, supply chain, tech upgrades and local brand.

Key Insight : For partners, the key is not choosing the "lowest cost" path, but the one that builds local supply capabilities, profit margins and long-term barriers fastest. MAHACINA achieves the optimal balance between investment threshold, profit margins and speed to market.



3.2 MAHACINA Core Advantages

Five Core Pillars for a Sustainable Manufacturing Platform

MAHACINA's value goes beyond equipment — through **five core pillars**, we help partners build local paint manufacturing platforms faster.



Proven Formulas

Validated formula library covering interior/exterior paints, waterproofing, flooring and more, reducing R&D costs and trial cycles.



Modular Production

Skid-mounted production lines, flexibly configurable and scalable, reducing initial investment risk.



Standardized QC

Complete QC SOPs, sample retention and batch tracking for product quality stability and customer trust.



Global Supply Chain

Core raw materials, additives, colorants and packaging procurement recommendations with safety stock mechanisms.



Operations Training

Comprehensive training covering production, QC, sales and operations management to get teams up to speed quickly.

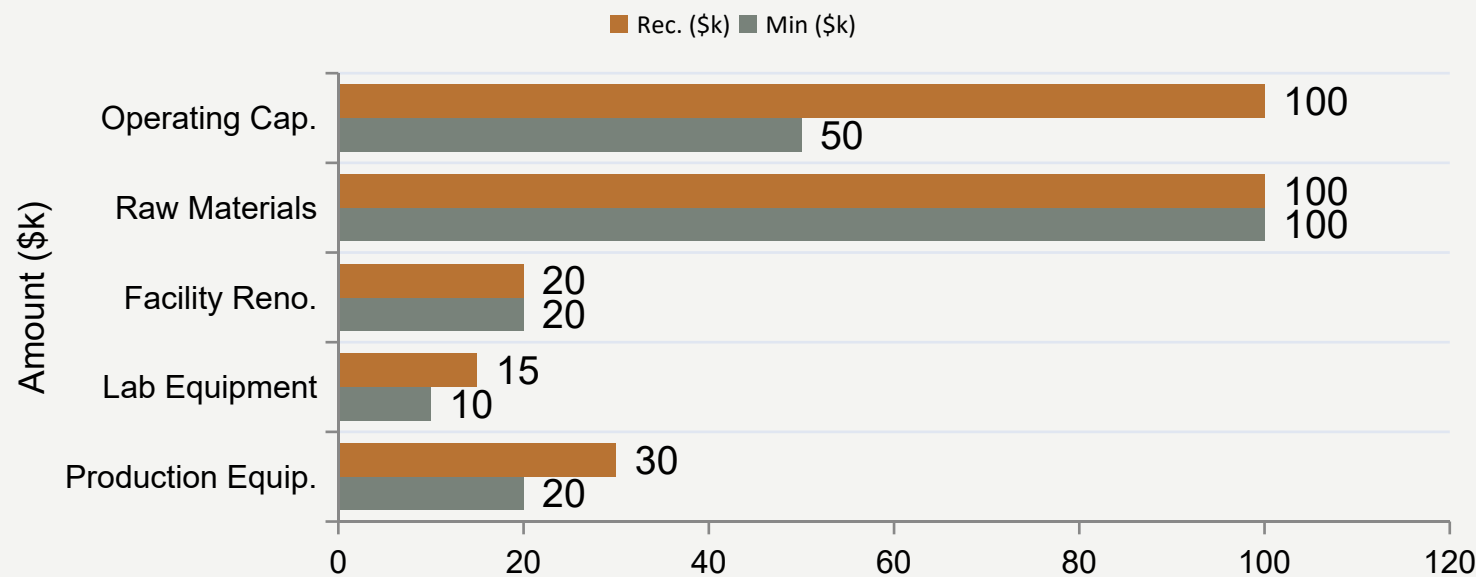
MAHACINA Core Value = **Proven Formulas + Modular Production + Standardized QC + Global Supply Chain + Operations Training**



4.1 Basic Investment Items & Budget Range

Investment budget should go beyond equipment costs

Category	Budget Range	Note
Production Equipment (Basic Skid Line)	\$20k-\$30k	Includes dispersion, mixing, filtration, filling and other basic modules.
Lab & QC Equipment	\$10k-\$15k	For viscosity, fineness, color difference, density, pH, drying time and other basic tests.
Facility Renovation & Utilities	Minimum ~\$20k	Includes electrical, water, flooring, ventilation, drainage and other basic renovation.
Initial Raw Material Inventory	Minimum ~\$100k	For initial production; can increase to \$200k-\$300k for advance stocking.
Operating Working Capital	\$50k-\$100k	For personnel, samples, marketing, channel development, certification and daily operations.
Project Reserve	Recommended 10%-15%	For exchange rate, shipping, installation, trial production losses and other project execution costs.



Recommendations for Partners

Capital planning should go beyond equipment to also consider:

- Raw material inventory and stocking plans
- Market launch and marketing expenses
- Distributor payment term capital requirements
- Local certification and licensing fees
- Project reserves (FX, shipping risks)

4.2 Three Startup Capital Allocation Plans

Capital Strategy Aligned with Market Launch Objectives

Basic Startup Plan

\$220k-\$240k

Small-scale launch and market validation

First build basic production line, complete samples, initial orders and market validation.

Note: Suitable for market validation, not for large-scale distribution or long payment terms.
long payment terms.

✓ For clients with preliminary channel interest

Standard Commercial Launch Plan

\$350k-\$500k

Formal launch budget

Covers inventory, marketing, channel launch, payment terms and quality buffer.

Recommended: As formal launch budget, suitable for most clients' Phase 1 commercial operations.

★ Primary model calculation basis

Expansion Operations Plan

\$650k-\$900k

Rapid regional coverage build-out

For clients seeking faster inventory, channel and regional coverage build-out.

Requirements: Higher demands on cash turnover, inventory management, channel management and receivables management.

📍 For clients with mature operational capabilities

Key Judgment: Capital should match market launch objectives, not be lowest or highest. Basic Startup Plan for market validation, Standard Commercial Launch Plan for formal operations, Expansion Operations Plan for rapid regional coverage build-out.

4.3 Basic Startup Plan Budget Boundaries

Clearly Defined Inclusions and Exclusions

Item	Included	Note
Basic Skid Production Line	Included	Configured for basic production capacity.
Basic Lab & QC Equipment	Included	Meets basic batch testing requirements.
Basic Facility Renovation	Partially Included	Excludes major civil works, fire protection and environmental engineering.
Initial Raw Materials	Min. startup quantity included	Not equal to rapid distribution inventory.
Personnel & Basic Operations	Partially Included	Covers initial phase, not long-term payment term obligations.
Land Purchase / Main Facility Construction	Not Included	Requires separate accounting.
Automatic Tinting System	Case by case	Available as upgrade option.
Large-scale Channel Distribution	Not Included	Requires commercial capital support.
Distributor Payment Term Capital	Not Included	Must be included in cash flow model.
Local Certifications / Licenses	Separate accounting required	Confirm per target country requirements.

For Partners: Capital should match market launch objectives, not be lowest or highest. Basic Startup Plan for market validation, Standard Commercial Launch Plan for formal operations, Expansion Operations Plan for rapid regional coverage build-out.

5.Trading vs. Local Manufacturing Comparison

Per-Bucket Model: 20L Interior Latex Paint

Import Finished Goods Model		VS	MAHACINA Local Manufacturing Model	
Cost/Revenue Item	Amount		Cost/Revenue Item	Amount
FOB Procurement Cost	\$33.00		Raw Material Costs	\$11.76
International Logistics & Port Fees	\$4.50		International Logistics & Port Fees	\$0.80
Import Duties & Customs Clearance	\$3.75-\$4.50		Import Duties & Customs Clearance	\$0.59
Total Landed Cost	\$41.25-\$42.00		Manufacturing Cost	\$1.00
Wholesale Price	\$48.87		Packaging Cost	\$1.50
Gross Profit per Bucket	\$6.87-\$7.62		Total Landed Cost	\$15.65
gross margin	14%-16%		Wholesale Price	\$31.54
Gross Profit per Bucket \$6.87-\$7.62			Gross Profit per Bucket \$15.89	
gross margin 14%-16%			gross margin 50.4%	

Note: Per-bucket basis is "20L bucket, actual 18L fill". Costs and prices calculated per actual bucket, not nominal 20L.

Core Advantage: Local manufacturing reduces finished goods water transport, optimizes raw material procurement, lowers logistics and tariff pressure, and improves market responsiveness through local packaging and delivery, achieving ~2x gross profit improvement.

6. Capacity Utilization & Revenue Projection

Capacity Conversion, Revenue & Gross Profit Projection

Weight per Bucket

23.4 kg/bucket

18L × 1.30kg/L

Full Capacity Buckets/Year

~128,200

3,000 tons ÷ 23.4kg

Full Capacity Revenue

~\$4.04M

128,200 buckets × \$31.54

Full Capacity Total Cost

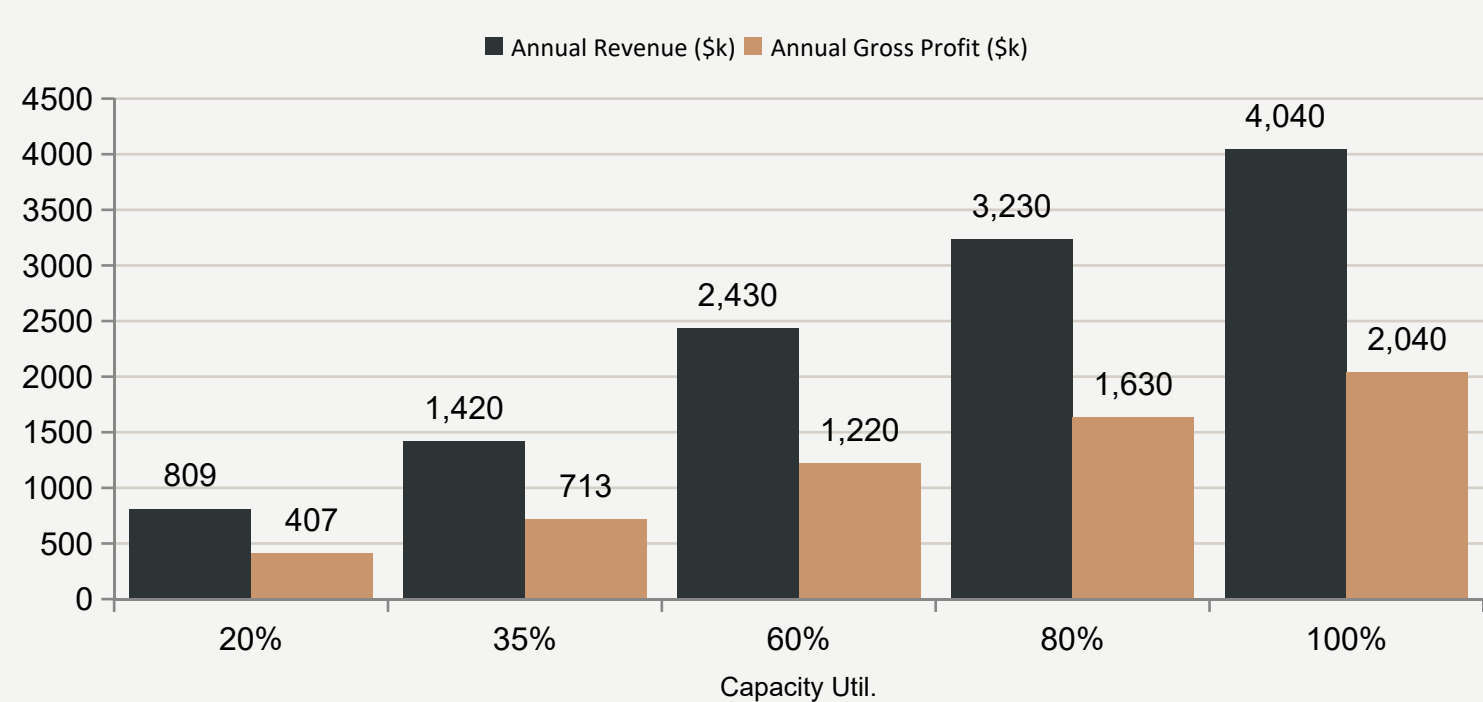
~\$2.01M

128,200 buckets × \$15.65

Full Capacity Gross Profit

~\$2.04M

128,200 buckets × \$15.89



Capacity Util.	Annual Buckets Sold	Annual Revenue	Annual Gross Profit	Note
20%	25.6k	\$809k	\$407k	Channel Validation
35%	44.9k	\$1.42M	\$713k	Benchmark Commercial
60%	76.9k	\$2.43M	\$1.22M	Market Scale-up
80%	102.6k	\$3.23M	\$1.63M	Stable Operations
100%	128.2k	\$4.04M	\$2.04M	Theoretical Full Capacity

Capacity Utilization Note:

- 20% capacity (25,600 buckets/year): Suitable for channel validation and low-speed startup
- **35% Capacity (44,900 buckets/year): Benchmark Commercial Launch Target, with 14-16 Months Payback Potential**
- 60%-100% capacity: Market scale-up to stable operations, requires stronger channel and management capabilities

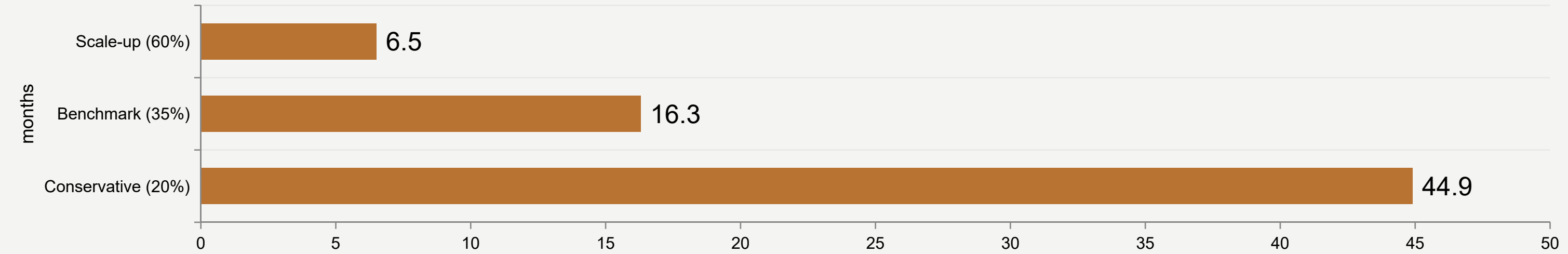
7.1 Three Operating Scenarios & Payback Periods

Cash Recovery Analysis at Different Sales Velocities

Scenario	Capacity Util.	Buckets Sold	Revenue	Gross Profit	Est. EBITDA	Payback at \$400k
Conservative Startup	20%	25.6k	\$0.81M	\$407k	\$107k	~44.9 months
Benchmark Commercial	35%	44.9k	\$1.42M	\$713k	\$295k	~16.3 months
Market Scale-up	60%	76.9k	\$2.43M	\$1.22M	\$742k	~6.5 months

Note: EBITDA is earnings before interest, tax, depreciation and amortization. Fixed operating expenses, marketing/channel costs and maintenance/QC costs are model assumptions; actual figures must be adjusted per local rent, salaries, commissions, taxes and payment terms.

maintenance/QC costs are model assumptions; actual figures must be adjusted per local rent, salaries, commissions, taxes and payment terms.



7.2 Investment Amount & Payback Period Correlation

Payback Calculations for Different Startup Plans

Investment Amount	35% Capacity EBITDA	Projected Payback	Applicable Startup Plan
\$350,000	\$295k	~14.2 months	Streamlined commercial launch, suitable for projects with existing facilities and relatively clear initial channels.
\$400,000	\$295k	~16.3 months	Standard commercial launch, recommended as the primary model calculation basis.
\$500,000	\$295k	~20.3 months	Enhanced launch plan, suitable for projects requiring more inventory, marketing and operational buffer.

Core Conclusion: With commercial startup capital of **\$350,000-\$400,000**, capacity utilization at **35%**, with selling prices and collections on plan, the project has **14-16 months** payback potential.

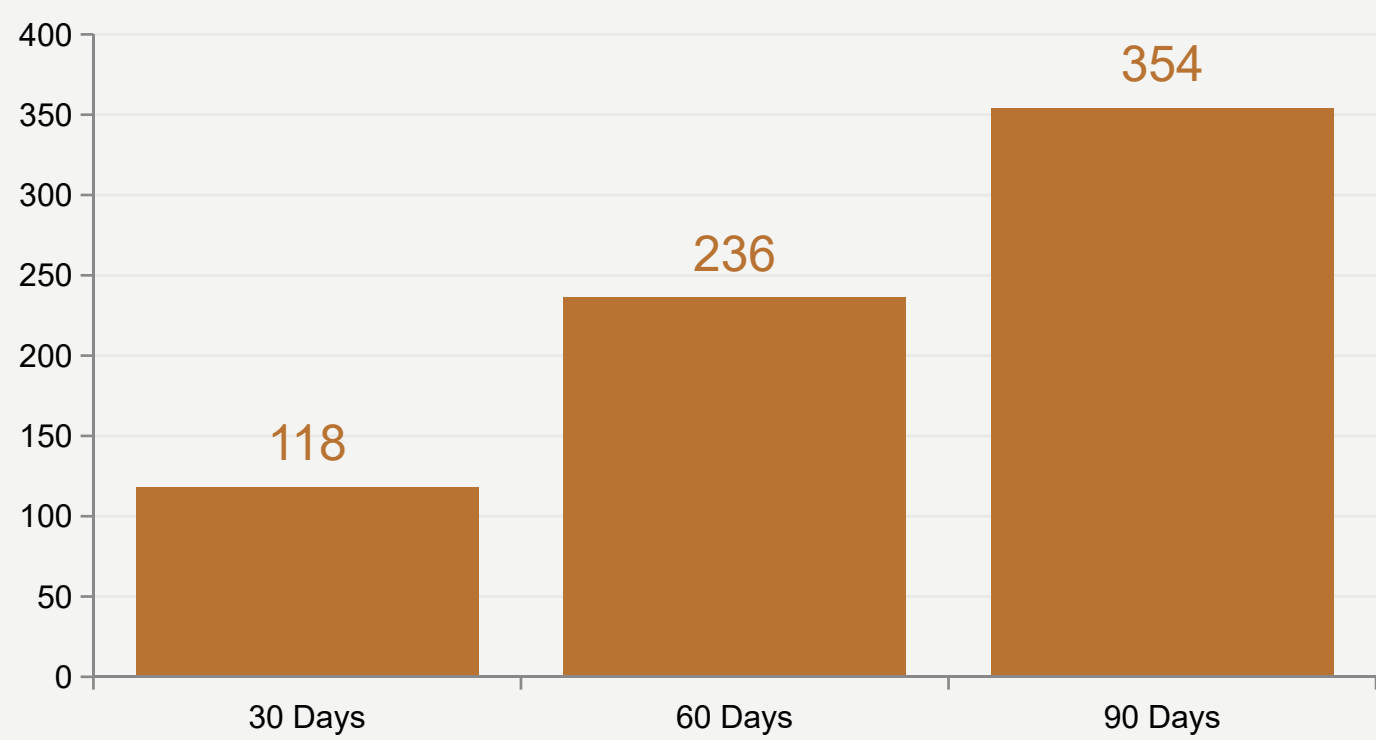
Higher capital allocation mainly enhances inventory, marketing and operational safety margins; payback adjusts with actual investment.



8. Payment Term Capital Requirements & Cash Flow Needs

Cash Flow & Payment Term Projection

Item	Benchmark	Note
35% Capacity Annual Revenue	~\$1.42M	Benchmark commercial scenario.
Monthly Revenue	~\$118k/month	\$1.42M ÷ 12.
30-Day Term Requirement	~\$118k	Equivalent to 1 month revenue.
60-Day Term Requirement	~\$236k	Equivalent to 2 months revenue.
90-Day Term Requirement	~\$354k	Equivalent to 3 months revenue.



Recommended Collection Rules

- First distributor orders: use **cash or high-ratio prepayment**, validate channel quality before gradually relaxing payment terms.
- Set **tiered credit limits**, tied to historical collection speed and order stability.
- For project orders: set **deposit, delivery, milestone and final payment** stages to avoid excessive cash lock-up.
- Raw material procurement should follow **rolling sales plan** to avoid overstocking.

Key Reminder : High gross margin does not mean low cash pressure. Standard commercial startup capital: **\$350,000-\$500,000**.

9.1 Break-even Analysis

Determining the Minimum Viable Sales Volume

Contribution Margin per Bucket

\$15.89

\$31.54 - \$15.65

Annual Operating Expense Range

\$300k-\$418k

Break-even Sales Volume

18.9k-26.3k

buckets/year

Corresponding Capacity Util.

15%-21%

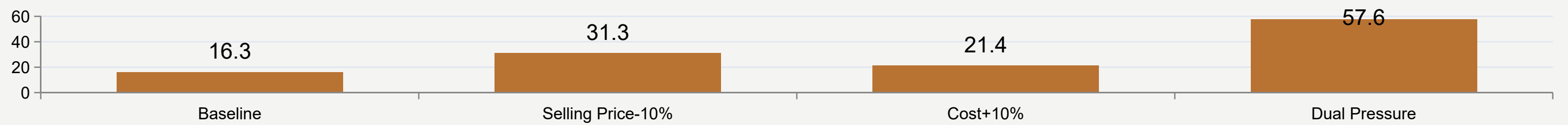
Metric	Calculation Basis	Result	Note
Contribution Margin per Bucket	\$31.54 - \$15.65	\$15.89/bucket	Used to cover operating expenses and generate operating profit.
Annual Operating Expense Range	\$300k-\$418k	Varies with capacity	Varies with capacity, team and marketing expenses.
Break-even Sales Volume	Annual Operating Expense ÷ Contribution Margin	18.9k-26.3k buckets/year	Project approaches break-even at this sales volume.
Corresponding Capacity Util.	Break-even Volume ÷ 128.2k buckets	15%-21%	Requires more careful cost control below this range.

For Partners: Break-even requires only **15%-21%** capacity utilization, meaning the project can sustain itself without high sales volume. The 35% capacity target (44.9k buckets/year) far exceeds the break-even point, providing ample safety margin.

9.2 Sensitivity Analysis — Five Stress Test Scenarios

Testing Resilience Under Various Price, Cost and Capacity Conditions

Stress Test Scenario	Selling Price	Cost	Capacity	Revenue	Gross Profit	Payback / Note
Baseline	\$31.54	\$15.65	35%	\$1.42M	\$713k	16.3 months
Price -10%	\$28.39	\$15.65	35%	\$1.27M	\$571k	31.3 months
Cost +10%	\$31.54	\$17.22	35%	\$1.42M	\$643k	21.4 months
Price -10% & Cost +10%	\$28.39	\$17.22	35%	\$1.27M	\$501k	57.6 months
Worst Case	\$28.39	\$17.22	20%	\$728k	\$286k	Additional cash needed



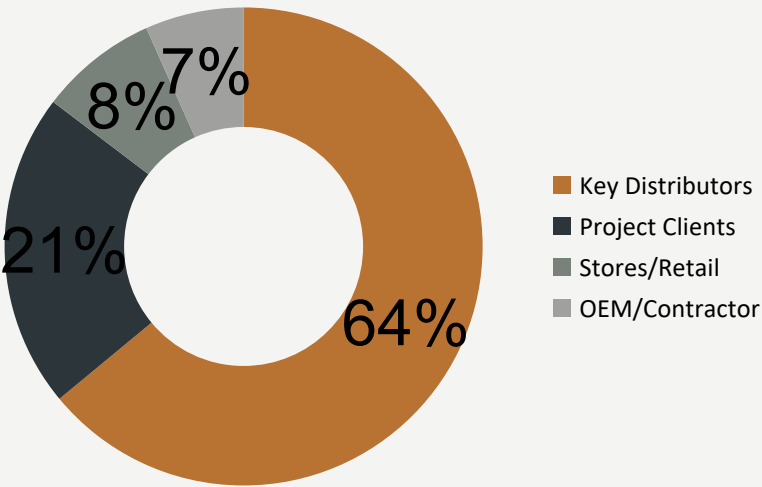
Most Sensitive Variables: Selling price > Raw material costs > Capacity utilization > Collection cycles. Prepare sales channels before launch and establish collection rules.

10. 35% Capacity Path — 3,740 Buckets/Month

Achieved Through Stable Channel Structure and Executable Monthly Targets

Annual Capacity Util.	Annual Buckets Sold	Monthly Buckets Sold	Daily Buckets Sold	Annual Tons Sold	Annual Revenue
35%	44,900	3,740	125	1,050	\$1.42M

Sales Source	Quantity Assumption	Monthly Contribution	Execution Note
Key Distributors	12 × 200 buckets/month	2,400 buckets/month	Prioritize regional distributors with construction, hardware and engineering resources.
Project Clients	2 projects × 400 buckets/month	800 buckets/month	Secure bulk orders through model projects, contractors and real estate developments.
Stores/Retail/Small Wholesale	Various clients	300 buckets/month	For supplemental cash flow and market exposure.
OEM/Contractor Orders	Various clients	250 buckets/month	Can be used for capacity fill and channel expansion.
Total	—	~3,750 buckets/month	Covers monthly sales target needed for 35% capacity.



For Partners: Before launch, partners should complete key distributor list, model project clients, pricing structure, initial orders and collection rules.

35% capacity is the key milestone for ~14-16 month payback. Not achieved through full-load production, but through **stable channel structure and executable monthly sales targets**.

ROI without a channel path is just a paper model.

11. Eight Revenue Sources & Growth Path

From Single Product Wholesale to Diversified Revenue Streams

Local paint factory profits should not rely solely on product wholesale. As channels mature, partners can layer diversified revenue streams.



60%-75%

Product Wholesale

Local manufacturing reduces costs; brand and channels create premium. Focus on high-frequency SKUs: interior/exterior, waterproofing, flooring.



5%-10%

Color Customization & Tinting

Tinting systems increase stickiness and average order value. Build color cards, tinting database and store services.



10%-15%

Engineering Project Services

Engineering coating, waterproofing and anti-corrosion projects have higher unit prices. Provide solutions for contractors, real estate and municipal projects.



5%-10%

Channel Distribution Revenue

Develop regional distributors to expand sales reach. Build distributor pricing, rebate policies and territorial protection.



Varies by Region

Green Manufacturing & Policy Opportunities

Low-VOC, local employment and manufacturing investment may unlock policy opportunities. Apply for industrial park incentives, tax breaks and green certifications.



Long-term

Brand-Driven Orders

Local manufacturing brands gain easier access to bidding and project procurement. Unified VI, showrooms, case studies and technical documents.



5%-10%

Tech Upgrade Benefits

Formula iterations improve performance or reduce costs. Regularly update formulas, test standards and product lines.



Long-term

Raw Material/Colorant/Consumables Repurchase

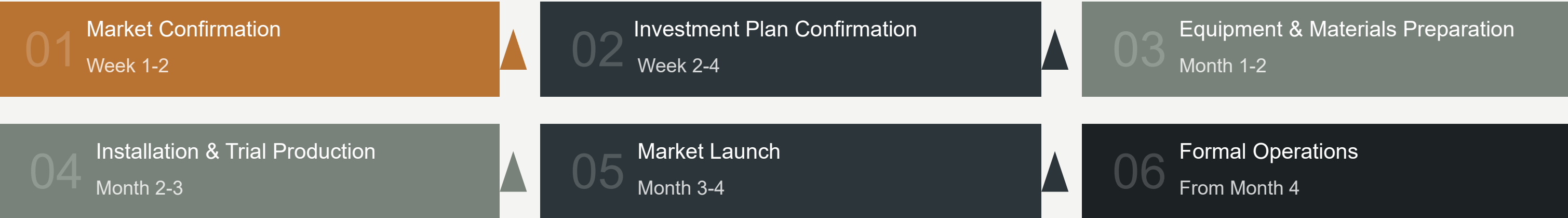
Core raw materials, colorants, additives and packaging create recurring repurchase. Establish monthly procurement plans and safety stock mechanisms.

Growth Path Recommendations:

- Early Stage:** Build cash flow through basic product wholesale and model projects. Focus on key distributor development and first engineering projects.
- Growth Stage:** Add tinting services and channel distribution revenue. Improve stickiness and average order value. Gradually expand regional distributor network.
- Mature Stage:** Add functional products and project-based revenue. Leverage tech upgrades and policy benefits for overall profit stability.

12. Six-Phase Project Implementation Process

Execution Path from Market Confirmation to Formal Operations



Phase	Timeline	Partner Key Tasks	MAHACINA Support
Market Confirmation	Week 1-2	Confirm target country, price range, competitors, channels and product demand.	Assist in mapping product portfolio, pricing model and market entry strategy.
Investment Plan Confirmation	Week 2-4	Confirm budget, facility, capacity, staffing and licensing path.	Provide equipment configuration, materials list, process flow and investment calculations.
Equipment & Materials Preparation	Month 1-2	Complete procurement, logistics, facility preparation and local supplier matching.	Assist with equipment, raw materials, packaging, QC tools and technical documentation.
Installation & Trial Production	Month 2-3	Complete installation, commissioning, trial production, sample retention and internal training.	Provide production SOPs, QC standards, technical training and trial production guidance.
Market Launch	Month 3-4	Develop distributors, engineering clients, model projects and brand presence.	Provide product materials, sales scripts, model project support and market toolkit.
Formal Operations	From Month 4	Mass production, channel fulfillment, quality tracking and collection management.	Ongoing formula optimization, supply chain support, quality analysis and operational recommendations.

13.1 Key Resources Partners Need to Prepare

Six Key Resources Checklist



Factory Site

Recommended **1,000 sqm** starting point. Adjust based on capacity, warehousing, raw material storage and product mix.



Core Team

Production, QC, warehousing, sales, finance personnel. Initial team should be lean but with clear role definitions.



Local Licenses

Company registration, import qualifications, environmental requirements, production permits and labeling compliance. Licensing path affects project startup timeline.



Sales Channels

Distributors, building material stores, engineering contractors, real estate projects and commercial procurement channels. Channel readiness determines whether 35% capacity target is achievable.



Startup Capital

Basic **\$220k-\$240k**; Standard commercial **\$350k-\$500k**. Capital allocation should match distribution speed, payment terms and inventory planning.



Operations Management

Inventory, receivables, batch quality and customer service. Sustained operational capability determines long-term project returns.

Core View: Success requires market, factory, supply chain, quality and cash flow to align simultaneously — not just equipment installation.

13.2 MAHACINA Eight Delivery Modules

Core Support System, Not Just Equipment Procurement

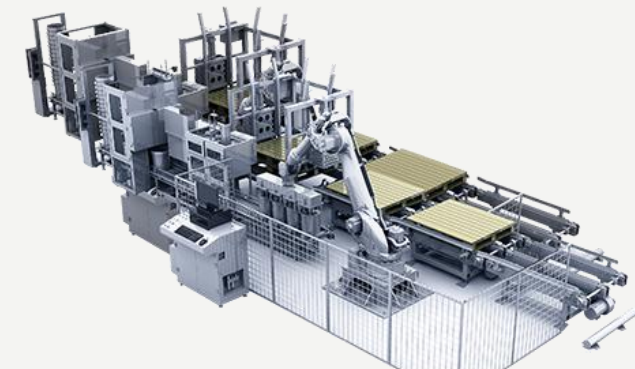
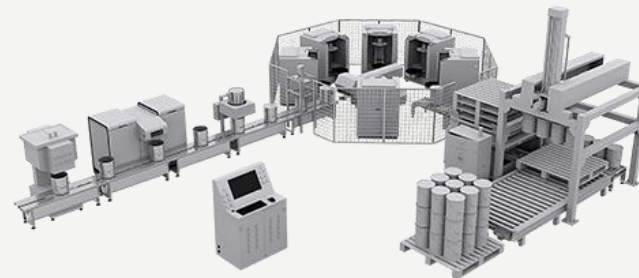
Module	MAHACINA Deliverables	Value to Partners
Product System	Initial product portfolio recommendations, basic SKU planning, product positioning and price range advice.	Helps quickly determine product mix suitable for local market.
Formula Technology	Proven formulas, BOM, production processes, adjustment recommendations and upgrade directions.	Reduces costs of starting R&D from scratch and repeated trial-and-error.
Production System	Equipment configuration, process flow, production SOPs and on-site operation standards.	Helps establish stable production processes.
QC System	Raw material testing, finished product testing, sample retention, batch tracking and basic test methods.	Improves batch stability and customer trust.
Supply Chain	Core raw materials, additives, colorants, packaging procurement advice and safety stock mechanisms.	Reduces procurement uncertainty and ensures continuous production.
Training	Production training, QC training, sales product knowledge training and operational guidelines.	Helps team quickly get up to speed from production to sales.
Market Support	Product materials, sales scripts, model project promotion advice and distributor development recommendations.	Supports market launch and channel expansion.
Continuous Optimization	Formula upgrades, cost optimization, quality issue analysis and operational review recommendations.	Helps long-term optimization of costs, quality and product mix.

Core Value: MAHACINA's core value is delivering a replicable **product, production, QC, supply chain and market support system** to help partners build local manufacturing capabilities faster. Partners should understand the deliverables as a comprehensive system, not just equipment procurement.

14. Six Key Investment Boundary Management Items

Key Factors to Manage Before Formal Investment

Key Management Item	Potential Impact	Recommended Controls
Market Price & Channels	If local prices are below model or channel startup is slow, payback may extend.	Start with model markets; lock in key distributors and engineering clients; maintain pricing flexibility.
Cash Flow & Payment Terms	Excessive credit sales and extended terms consume significant working capital.	Set credit limits; cash or high-ratio prepayment for first orders; procure raw materials per rolling sales plans.
Raw Material Prices	Titanium dioxide, resin and additive price fluctuations affect per-bucket cost.	Establish key raw material safety stock and quarterly price adjustment mechanisms.
Quality Stability	Non-standard operations or inadequate testing affect customer repurchase.	Execute SOP training, batch sample retention, QC standardized testing and quality issue reviews.
Local Compliance	VOC, labeling, MSDS, import permits and environmental approvals may affect time-to-market.	Complete compliance checklist before country entry; localize all product documentation.
FX & Procurement	USD, RMB and local currency fluctuations affect procurement costs.	Adopt rolling procurement and necessary price adjustment clauses.



15. Frequently Asked Questions

Five Most Important Questions Before Investment

? Why is the investment relatively low?

This project does not build a complete chemical R&D system from scratch, but uses basic skid-mounted lines, proven formula libraries, standardized processes and local manufacturing.

Low investment does not mean low barriers — the real barriers are the technical system, supply chain and operational standards.

? Is \$220,000-\$240,000 sufficient for full-year operations?

\$220k-\$240k is **basic startup capital** for basic line setup, initial samples, first orders and market validation. For rapid channel expansion with distributor payment terms, prepare

\$350,000-\$500,000 as standard commercial startup capital.

? Why is local manufacturing cheaper than importing finished goods?

Importing finished paint involves shipping large amounts of water and packaging, plus finished goods duties and high logistics costs. Local manufacturing sources key raw materials, adds water, blends, packages and delivers locally — **unit costs drop significantly**.

? Is 14-16 month payback overly optimistic?

This timeline is **not an unconditional guarantee**. Per this model, with ~\$350k-\$400k commercial startup capital, ~35% capacity utilization and normal prices/collections, payback is ~14-16 months. If capacity is only 20% or payment terms are longer, payback extends significantly.

? What is MAHACINA's core value?

MAHACINA's core value is not just selling equipment, but delivering **formulas, processes, QC, training, supply chain and brand systems** that help partners avoid years of trial-and-error and build local paint manufacturing capabilities faster.

16. Conclusion — From Imported Paint to Local Manufacturing

Key Business Judgments & Next Steps for Validation

Design Capacity	Full Capacity Buckets	Manufacturing Cost	Gross Profit per Bucket	gross margin	35% Capacity Payback
3,000tons	128,200buckets	\$15.65/bucket	\$15.89/bucket	50.4%	14-16 months

For partners entering paint manufacturing, local factories offer stronger **cost advantages**, **profit margins** and market control compared to simply importing finished paint.

A 3,000 tons/year baseline factory with 20L buckets (actual 18L fill) yields ~23.4kg per bucket and ~128,200 buckets/year at full capacity. Basic startup capital ~\$220,000-\$240,000; standard commercial startup ~\$350,000-\$500,000.

For 20L interior latex paint, local manufacturing total cost is ~\$15.65/bucket, benchmark wholesale price ~\$31.54/bucket, gross profit ~\$15.89/bucket, gross margin ~50.4%.

With channels, pricing and collections on plan and ~35% capacity utilization, the project has ~**14-16 months** payback potential. Slower ramp-up, price declines, raw material increases or long payment terms extend payback accordingly.

Therefore, project success requires not just building the factory, but simultaneously establishing sales channels, quality systems, collection mechanisms and local brand influence.



17. Core Formulas & Country Data Validation Checklist

Appendix — Data Validation Before Entering Specific Countries or Regions

A. Core Formulas

Metric	Formula
Full Capacity Buckets	$\text{Annual Tons} \times 1,000 \div (\text{Actual Fill L} \times \text{Average Density kg/L})$
Project Full Capacity	$3,000 \times 1,000 \div (18\text{L} \times 1.30\text{kg/L}) \approx 128,200 \text{ buckets}$
Gross Profit per Bucket	$\text{Wholesale Price/Bucket} - \text{Total Cost/Bucket}$
gross margin	$\text{Gross Profit/Bucket} \div \text{Wholesale Price/Bucket}$
Annual Revenue	$\text{Annual Buckets Sold} \times \text{Wholesale Price/Bucket}$
Annual Gross Profit	$\text{Annual Buckets Sold} \times \text{Gross Profit/Bucket}$
EBITDA	$\text{Gross Profit} - \text{Fixed Operating Exp.} - \text{Marketing/Channel Exp.} - \text{Maintenance/QC Exp.}$
ROI	$\text{Annual Operating Profit} \div \text{Initial Cash Investment}$
Payback Period (months)	$\text{Initial Cash Investment} \div \text{Annual Operating Cash Flow} \times 12$

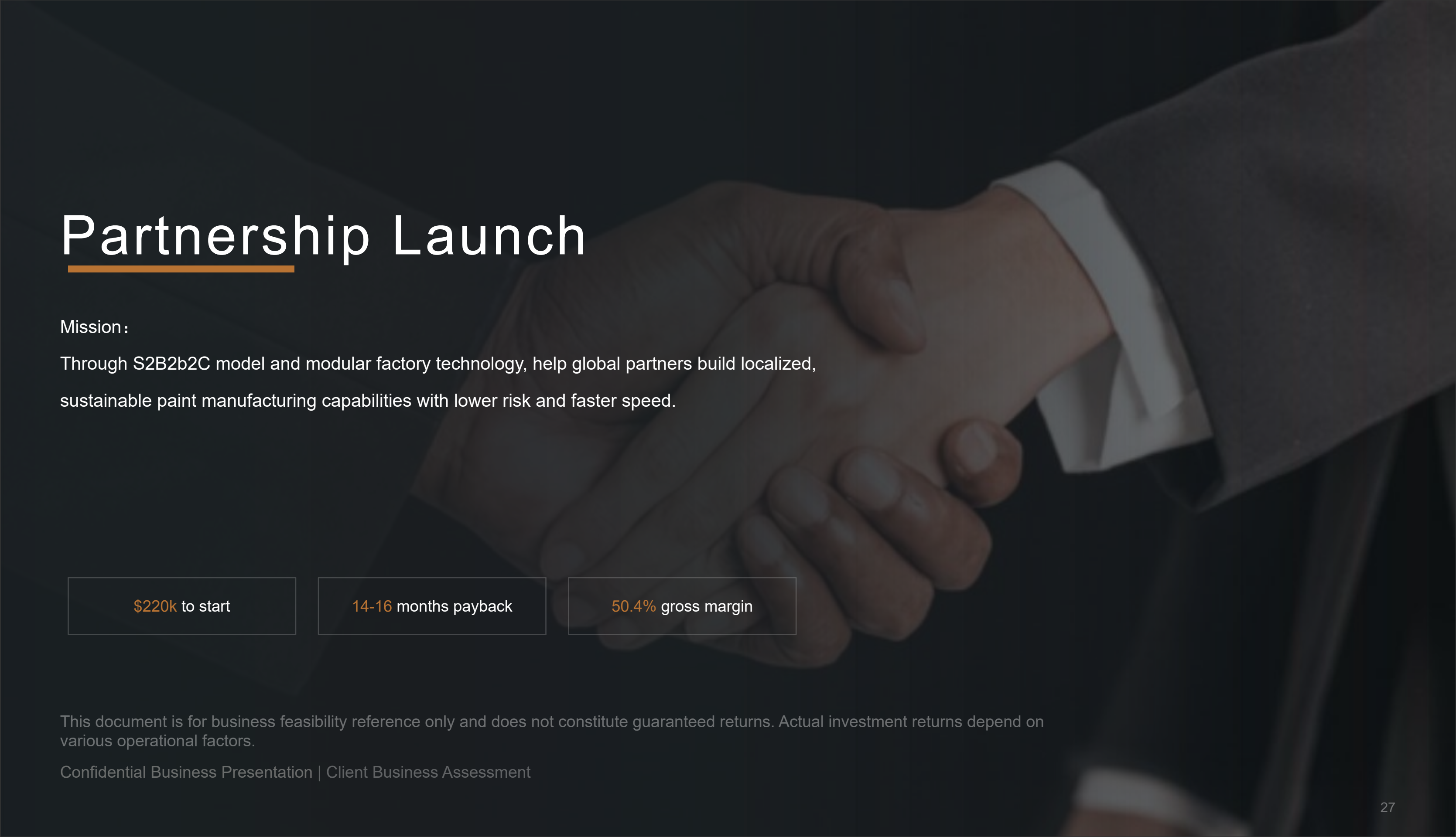
B. Required Country Data Validation Before Investment

#	Partner Validation Item	Purpose
1	Target market mainstream 18L/20L bucket paint wholesale price	Validate if \$31.54/bucket selling price is viable
2	Finished paint vs. raw material import duties	Validate if local manufacturing cost advantage holds
3	Local packaging bucket prices	Adjust packaging costs
4	Factory rent, labor, electricity, water	Adjust manufacturing and operating expenses
5	Distributor payment term practices	Assess cash flow and receivables impact
6	Key competitor prices and product grades	Develop product positioning and pricing strategy
7	Environmental, labeling, MSDS, import permits	Avoid compliance delays
8	Initial distributor/engineering client list	Validate if 35% capacity target is achievable

Final Note: The ROI model is only suitable for formal investment decisions after completing real data validation for the target country.

Core data includes:

- Mainstream **wholesale prices** validate selling price assumptions
- **Import duty rates** validate cost advantages
- **Logistics, rent, labor** adjust operating expenses
- **Payment term practices** determine cash flow pressure
- **Certification costs** Avoid compliance delays



Partnership Launch

Mission :

Through S2B2b2C model and modular factory technology, help global partners build localized, sustainable paint manufacturing capabilities with lower risk and faster speed.

\$220k to start

14-16 months payback

50.4% gross margin

This document is for business feasibility reference only and does not constitute guaranteed returns. Actual investment returns depend on various operational factors.

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