

## Feasibility Study Report / Business Plan

When establishing a Wholly Owned Foreign Enterprise or a Joint Venture in China – whether green-field or through merger or acquisition – the investor must prepare a so-called “feasibility study report” as part of the approval application. The Feasibility Study Report stands as the company's stated plan of action and future expectations.

In theory the feasibility study does not need to be more than a simple “fill-in-the-blanks” document. BUT... in reality there is much more to it than merely satisfying the minimum requirements of the approving authorities. It is the experience of Asia Base that a carefully scoped, worded, and elaborated Feasibility Study Report can protect the company in potential future arguments with the Chinese authorities.

A Feasibility Study Report compiled by Asia Base Law & Projects is normally drafted in a format of a Business Plan so it can be used as decision making tool by the investors as well as an initial action plan for the new management. In the process of drafting and compiling the report Asia Base acts as a sparring partner and consultant in development of strategies, action plans and financial projections for the so these fit China's business environment.

Typical content of a Feasibility Study Report compiled by Asia Base includes:

### Content of the Feasibility Study Report for manufacturing company

<b>Background and investor information</b>	<ul style="list-style-type: none"> <li>✦ Background and project idea</li> <li>✦ Introduction to investor, including history, legal establishment, financial status, etc.</li> </ul>
<b>Scale and scope of investment</b>	<ul style="list-style-type: none"> <li>✦ Overall scope and scale of the proposed investment</li> <li>✦ Investment structure (ownership and capital)</li> <li>✦ Investment contribution</li> </ul>
<b>Definitions regarding facility</b>	<ul style="list-style-type: none"> <li>✦ Land and buildings</li> <li>✦ Utility connection</li> <li>✦ Facility lay-out and capacity</li> <li>✦ Equipment (domestic and imported)</li> </ul>
<b>Definitions regarding operations</b>	<ul style="list-style-type: none"> <li>✦ Products to be produced and their usage applications</li> <li>✦ Production, trading and service activities and processes</li> <li>✦ Raw materials, their origin, and their supply terms</li> <li>✦ Organization and management philosophy</li> <li>✦ Recruitment and training</li> <li>✦ Expected environmental impact</li> </ul>
<b>Sales and marketing plan</b>	<ul style="list-style-type: none"> <li>✦ Sales and marketing strategies identifying focal points for sales</li> <li>✦ Sales forecast</li> </ul>
<b>Project management and implementation</b>	<ul style="list-style-type: none"> <li>✦ Gantt chart showing Project implementation</li> <li>✦ Project organization</li> </ul>
<b>Budgets and 5-year financial projections</b>	<ul style="list-style-type: none"> <li>✦ Assumptions</li> <li>✦ Investment budget</li> <li>✦ Sales and operation budgets</li> <li>✦ Profit and loss projections</li> <li>✦ Balance sheets</li> <li>✦ Cash flow projections</li> </ul>