

TRANSPORTATION PROJECT BUSINESS PLAN

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1. EXECUTIVE SUMMARY

The project is promoted by Shanghai Agricultural Demonstration Park Tanzania Co., Ltd. (hereinafter referred to as SADP). The company is a foreign-invested enterprise registered in Tanzania, with two Chinese corporate shareholders, namely Shanghai Jinfengyu Cereal Industry Co., Ltd. and Shanghai Huanrui Agricultural Technology Co., Ltd. The two companies hold 99% and 1% of SADP respectively.

The strategic plan of establishing Shanghai Agricultural Demonstration Park Tanzania Co., Ltd. is to introduce Chinese advanced technology to Tanzania's agricultural industry, improve Tanzania's agricultural level as a whole, make great contributions to Tanzania's agricultural development, and provide employment opportunities for young and energetic Tanzanians, Through the multiplier effect of tax payment and industrial value chain, government revenue will be increased.

The management of the company will be composed of employees with rich experience and business. With the development of the company and the expansion of its business, the demand for transportation is increasing. Therefore, the company has decided to set up its own transportation fleet to provide services for the company's transportation. When it has more capacity, it can also provide services for the market.

The total investment of the project is expected to be US \$4000000. Under this project, SADP will establish a wholly-owned secondary project company, and the capital will be injected by SADP in the form of owner's equity. Assets mainly include vehicles, buildings, office furniture, computers and electrical equipment.

Over the five-year period, the average return on equity is expected to be 20%. The cash flow of the project shows that it has enough strength to reasonably increase the shareholders' wealth, and the expected TSH 100 million is another good indicator.

2. BACKGROUND

Introduction

SHANGHAI AGRICULTURAL DEMONSTRATION PARK TANZANIA CO.LTD is registered limited company with head office LOCATED PLOT NO.9, MIKOCHE NI INDUSTRIAL AREA, KINONDONI, DAR ES SALAAM, P.O.Box 77800.

The establishment of the company is due to the great opportunities of Tanzanian agriculture. Tanzania has great development potential in agriculture, but it needs great investment and advanced technology to improve the whole agricultural industry.

The business philosophy of Shanghai Agricultural Demonstration Park Tanzania Co., Ltd. is that advanced technology and investment will help farmers get better products, sell higher prices and get more income, so that they can expand their cultivation. Because they know where to process and sell agricultural products, they can make money quickly.

Business Definition

We provide transportation services for the company's agricultural products in the form of self built motorcade, and we can provide external business when we have spare power.

3. OPERATION PLANS

Location

The head Office of SHANGHAI AGRICULTURAL DEMONSTRATION PARK TANZANIA CO.LTD, LOCATED PLOT NO.9, MIKOCHE NI INDUSTRIAL AREA, KINONDONI, DAR ES SALAAM, P.O.Box 77800.

Initial Investment

The management of the transportation business will be carried out in the leased office, which will accommodate all the original business units. SADP will provide all funds for initial investment and operation. The company will purchase about 50 tractors and a number of trailers to form a fleet; Employ about 50 experienced transport drivers and about 10 management personnel; Lease storage yard in Dashi for temporary storage of goods.

Future Expansion

With the further expansion of the company's business, it is expected that more fleet and management points will be invested in the next decade. Specifically, the company plans to purchase about 100 to 200 trucks and set up five to six management points in the southeast and northwest of Tanzania.

Promotion

The company will organize publicity, provide appropriate loan support, strengthen transportation operation, and improve transportation service quality and management level through modern management.

4. FINANCIAL PLANS AND PROJECTIONS

Initial Capital Investment

The details of the initial investment on fixed assets and pre-operational expenses:

- | | |
|--------------------|---------------|
| a. Tractors | 2,000,000 USD |
| b. Trailors | 1,000,000 USD |
| c. Working Capital | 1,000,000 USD |

Underwriting Expenses

Under this section we present the 5 years underwriting estimates of SHANGHAI AGRICULTURAL DEMONSTRATION PARK TANZANIA CO.LTD operations. The projections are based on analysis done historical data other sisal industry and farmers as the whole.

In five years, the demand for transportation will increase 20% every year. Estimated turnover of Tsh 3 billions in the 1st year of operation based on industry turn over and market share of transportation. The turn over is expected to grow at 15% every year.

Administration Expenses

Administration costs are associated with day to day running of the business. The expenses are expected to increase gradually as the firm's level of operation increase.

Financial and legal expenses

Financial and legal expenses are associated with the daily running of the business. The expenses are expected to gradually increase as the firm's levels of operations increase.

5. ORGANISATION STRUCTURE AND MANAGEMENT PLANS

Owners of the company and their shareholding

- Shanghai Jinfengyu Cereals Industry Co.Ltd
- Shanghai Huanrui Agricultural Science & Technology Co.Ltd

The authorized share capital of the company is TZS 10,000,000/= which divided into 990 for Shanghai jinfengyu cereals industry Co.ltd and 10 for Shanghai huanrui agricultural science & technology Co.ltd .as ordinary shares of 10,000/= each. The paid up shares are 10,000 amounting to TZS 10,000,000/= the company is limited by shares.

Management team

This prokect will employ the followings

| | |
|-------------------------|----|
| Chief Executive Officer | 1 |
| Engineer and repair | 5 |
| Fleet manager | 1 |
| Accountant | 1 |
| Secretary | 1 |
| Drivers | 40 |

Organization Structure

- The proposed the organization Chart of SHANGHAI AGRICULTURAL DEMONSTRATION PARK TANZANIA CO.LTD will comprise of the following staff:-
- Board of Directors
- Administrations
- Fleet manager
- Accounts

Board of Director

The Board of Directors consists of shareholders and management directors of the company. The board will be responsible for overseeing the overall direction of the company, achieving goals and monitoring performance of the management.

Administration Manager

The AM will oversee and coordinate the implementation of the various Board decision and business goals. He will be in charge of all affairs of the company and report to board.

FleetManager

The fleet manager will arrange transportation according to the resolution of the board of directors, and make time management arrangements for the drivers to ensure that all tasks are done in a timely and good manner.

Accountant

The accountant will report to the Principal officer/Administrative Manager and will be responsible for all financial management of the company. He/She will ensure adequate controls and timely reporting of the management and statutory reports.

Do a good job in the registration, accounting and calculation of the volume of transportationfor each driver. Make sure they can get their payment in time.

6. MARKETING

Competitive Assessment

Tanzania's transport market has broad prospects and strong demand; At the same time, the existing transport capacity is insufficient, and the competition for our investment is not big.

Good Service

The company will summarize the transportation demand of all agricultural products around, arrange the time reasonably, and ensure that each customer gets timely, efficient and professional transportation services.

Pricing

The company will charge freight according to the market processing situation, and continuously improve the processing service and settlement efficiency.

7. IMPLEMENTATION SCHEDULE

The project company registration is expected to be completed within one month after the project starts. Then, the recruitment and training of personnel and the purchase of 50 tractors will be completed within half a year, and the operation will be carried out at the same time. It is expected to reach the designed annual capacity of 2500 trains and 60000 tons in one year (there may be differences depending on the place of departure).

8. CONCLUSION

Fixed capital expenditure and operating capital expenditure

From the fore-told literature and projections SHANGHAI AGRICULTURAL DEMONSTRATION PARK TANZANIA CO.LTD operation plans is worthy undertaking. The following supports the statement:-

- The venture has motivating financial rewards to the shareholders wealth.
- The business is in the line with Government policies in the agricultural sector .

The business has many benefits for the well-being of Tanzanian society because its services, in addition to creating jobs, have a positive impact on the growth of wealth, thereby raising Tanzanian standards.

OPERATING EXPENSES:

| Item | No | Monthly (TZS) | Annually (TZS) |
|-------------------------------|----------|-------------------|-------------------------|
| Staff salaries and allowances | 1 | 15.000.000 | 180.000.000 |
| Fuel | 2 | 20.000.000 | 240.000.000 |
| Machine Repair vehicle | 3 | 50.000.000 | 600 000 000 |
| Total | 3 | 85 000 000 | 1 020 000 000Tsh |

FIXED ASSETS:

| Assets | Unit | Amount(USD) |
|-----------------|-----------|------------------|
| Tractors | 50 | 2,000,000 |
| Trailers | 20 | 1,000,000 |
| Working Capital | 1 | 1,000,000 |
| TOTAL | 36 | 4,000,000 |

Financial projection for at least 5 years;

revenue = processed tons * processing fee per ton

The equipment started operation in 2021.6, and the production year is from June to June of the second year.

Depreciation of fixed assets completed in three years

5years factory production projection

| year | Tran/month | day/month | month/year | Tran/year | 35mate/ton |
|------|------------|-----------|------------|-------------------------------|--------------|
| 2021 | 200 | 25 | 12 | 60000 | 1714 |
| 2022 | 250 | 25 | 12 | 75000 | 2143 |
| 2023 | 300 | 25 | 12 | 90000 | 2571 |
| 2024 | 350 | 25 | 12 | 105000 | 3000 |
| 2025 | 400 | 25 | 12 | 120000 | 3429 |
| | | | | 5years production tons | 12857 |

5 years financial projection

| | financial projection | 2021.5-2022.5 | 2022.5-2023.5 | 2023.5-2024.5 | 2024.5-2025.5 | 2025.5-2026.5 |
|---------------|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| income | precessing fee /tons | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| | process tons | 1,714 | 2,143 | 2,571 | 30,000 | 3,429 |
| | income | 1,714,000,000 | 2,143,000,000 | 2,571,000,000 | 30,000,000,000 | 3,429,000,000 |
| cost | staff salary | 377,080,000 | 471,460,000 | 565,620,000 | 6,600,000,000 | 754,380,000 |
| | water and electricity | 274,240,000 | 342,880,000 | 411,360,000 | 4,800,000,000 | 548,640,000 |
| | Depreciation of fixed | 485,000,000 | 485,000,000 | 485,000,000 | 0 | 0 |
| | repari | 85,700,000 | 107,150,000 | 128,550,000 | 1,500,000,000 | 171,450,000 |
| | financial fee | 119,980,000 | 150,010,000 | 179,970,000 | 2,100,000,000 | 240,030,000 |
| | tax | 85,700,000 | 107,150,000 | 128,550,000 | 1,500,000,000 | 171,450,000 |
| | cost total | 1,427,700,000 | 1,663,650,000 | 1,899,050,000 | 16,500,000,000 | 1,885,950,000 |
| profit | profit | 286,300,000 | 479,350,000 | 671,950,000 | 13,500,000,000 | 1,543,050,000 |
| | income tax | 85,890,000 | 143,805,000 | 201,585,000 | 4,050,000,000 | 462,915,000 |
| | net profit | 200,410,000 | 335,545,000 | 470,365,000 | 9,450,000,000 | 1,080,135,000 |