

ZHENKUN INVESTMENT COMPANY LIMITED

BUSINESS PLAN

FOR

TANZANIA INVESTMENT COMPANY LIMITED

**SEPTEMBER 2023**

**EXTRACT FROM MEETING OF THE BOARD OF  
DIRECTORS AND SHAREHOLDERS OF  
ZHENKUN INVESTMENT COMPANY LIMITED**

PLOT NO 21, ZEGERENI INDUSTRIAL AREA, KIBAHA,

P.O. Box 7321, TEL:+255 762 020 058

ZHENKUN INVESTMENT COMPANY LIMITED CONVENED AND CONSTITUTED MEETING OF THE BOARD OF DIRECTORS OF ZHENKUN INVESTMENT COMPANY LIMITED AT PLOT No.49,BUGURUNI,ILALA,DAR ES SALAAM, TANZANIA ON 15<sup>TH</sup> OF AUGUST 2023,THE FOLLOWING RESOLUTIONS WERE PASSED:

1. THAT US\$ 500,000 BE ALLOCATED TO CONSTRUCT BUILDINGS AND ESTABLISH ASSEMBLING LINES FOR MANUFACTURING OF ELECTRONIC GOODS
2. BOARD OF DIRECTORS FURTHER RESOLVED TO INVEST ADDITIONAL CAPITAL USD 1,200,000 APART FROM INITIAL USD 500,000/=
3. TIC CERTIFICATE TO BE RENEWED FOR INVESTMENT AMOUNT.

CERIFIED TRUE EXTRACT

(By order of the Board)

  
CHAIRMAN

  
SECRETARY

COMPANY : ZHENKUN INVESTMENT COMPANY LIMITED

LOCATION: PLOT NO 21, ZEGERENI INDUSTRIAL AREA, KIBAHA.

CONTACTS: P.O.BOX NO 7321, MOIBLE NO: TEL:+ 255 762 020 058

OBJECTIVE: TO CONSTRUCT MORE WEARHOUSE/BUILDINGS AT FACTORY FOR STORGAE OF RAW AND FINISHED GOODS

FINANCING: INITIAL INVESTMENT EQUITY OF USD 500,000/= BY SHAREHOLDERS AND TO INVEST FURTHER USD 1,200,000/= BY WAY OF LOAN FROM BANKS AND SHAREHOLDERS FUNDS.

BENEFITS: AVAILABILITY ELECTR1NIC GOODS, HOME APPLIANCES IN THE COUNTRY AT AN EFFORDABLE RATES, TECHNOLOGY TRANSFER AND TRAINING TO TANZANICAN CITIZENS, JOBS CREATION, REVENUE TO LOCAL BODIES AND GOVERNMENT BY WAY TAXES.

IMPLEMENTATION PERIOD: ONE YEAR

## 1.0. EXECUTIVE SUMMARY.

ZHENKUN INVESTMENT COPANY LIMITED is registered in Tanzania under Companies Act 2002 with Certificate of Incorporation No.120580 issued on 28th September 2015. The directors are now well prepared to venture into assembling of electronic goods.

The business plan has been prepared for ZHENKUN INVESTMENT COPANY LIMITED for construction of wherhouses and establishment of electronics assembling plant. The implementation of this project will include the following activities:

Registration of project to TIC

Obtaining various permit and license

Renovation and extension of industrial building

Ordering machines

Recruiting

Purchasing of machines and equipment

Equipping the company with relevant facilities

The proposed project is estimated to cost about US\$ 1,700,000. The project is sponsored by shareholder's equity US\$ 500,000 and the remaining will be loans from banks and financial institutions.

## 1.1 THE PROJECT PROMOTERS

The shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds. The company is owned by 3 shareholders, namely:-

NAME	ADDRESS	NATIONALITY	% OF SHARE
Deng Jiayou	P.O Box 7321, DAR ES SALAAM	Chinese	65
Rajendra Prasad Suyal	P.O Box 7321, DAR ES SALAAM	Indian	30
Murad Said Salim	P.O Box 7321, DAR ES SALAAM	Tanzanian	5

## 1.2 LOCATION.

The project head office is located at Plot No. 21, Zegereni Industrial area, Kibaha.

## 1.3 OBJECTIVE OF STUDY

The main objective of this document is to obtain permission/consent letter from TIC to obtain loan of usd 1,200,000/- from banks for construction of wherhouses for factory and storage facility.

## 2.0 MARKET POTENTIAL

Tanzania is importing Home appliances like gas cookers, electric fans, Led TVs, kettles, blenders etc., from Asia continent, since there is no any industry manufacturing or assembling line locally. Tanzania's production technology is not yet advanced even though there are some companies who have invested in repairing and many of them they have invested in importation of complete electrical fans. Asian countries are biggest exporter of home appliances in Tanzania. The internal markets for home appliances is growing due to increased urban migration and increased purchasing power of citizens of Tanzania.

There is huge increase in industrial and domestic construction activity, this naturally leads to requirement of more home appliances.

## 2.1 PRODUCTS

### **The main process of this project is:**

Importing electronic and electrical components from Asian countries and assembling of home appliances like, Electrical fans, Gas Cookers, Kettles, Subwoofers, electrical bulbs, LED TVs, etc.,

## 2.2 MARKETS

Products are for the local markets. As mentioned above, the promoters are well versed in the business with well-established market contacts.

### 2.3 SUPPLY POSITION

Apparently, there is no assembling plant in Tanzania, home appliances are imported as finished products due to poor technology available domestically, the rapid growth of the country has convinced the company to set up assembling plant in Tanzania, the company will be of assembling the high quality using state of the art technology to be employed will enable the company produce very high quality products.

### 2.4 COMPETITION

Due to the limited and insufficient supply as aforementioned products at a competitive price as the company is assembling the products locally, no stiff competition is foreseen. However the company is expecting to face competition from imported products.

### 2.5 PROMOTION

The company already recruited well experienced sales and marketing staff, who are working well and trying to meet market requirement. As well the company is doing all types electronic mode of advertisement like TV ads, Radio promotions, exhibitions etc.,

### 2.6 ASPECTS OF PROJECT SUSTAINABILITY

The project sponsors having studied market conditions are convinced that the project will be able to operate undisturbed.

The growing demand for quality products and cheap gives assurance of a steady market.

### 2.7 QUALITY CONTROL SYSTEM

The required quality control system is in place, products produced maintain the same standard supported by 13 months' warranty on all products.

## 2.8 ENVIRONMENT PROTECTION:

The company intends to make environment friendly, the company will save the country's environment in particular and global environment in general.

## 2.9 PROJECT INVESTMENT

The estimated investment cost of the project is US\$1,200,000/=

### Detailed requirement of Proposed Project Cost

**Tsh**

Construciton of Warehouses 6 Units + Misc Construction				3,000,000,000.00
Total Project Cost				3,000,000,000.00
Total Project Cost (USD) @2500				1,200,000.00

### Land and Buildings Construciton Cost

Property Description	Size in Mtrs	Area In (GEA Basis) m2	Construction Cost per Square meter (Tshs)	Cost
<b>NEW WAREHOUSES</b>				
Warehouse No.7	40mx50m	2,000.00	300,000.00	600,000,000.00
Warehouse No.8	20mx40m	800.00	300,000.00	240,000,000.00
Warehouse No.9	20mx40m	800.00	300,000.00	240,000,000.00
Warehouse No.10	40mx50m	2,000.00	300,000.00	600,000,000.00
Warehouse No.11	40mx50m	2,000.00	300,000.00	600,000,000.00
Warehouse No.12	40mx50m	2,000.00	300,000.00	600,000,000.00
Power Room		28.00	300,000.00	8,400,000.00
WC		23.00	300,000.00	6,900,000.00
TOTAL SQ.MT		9,651.00		
Direct Cost				2,895,300,000.00
Boundary Wall				85,000,000.00
Site Improvements		inside road and walk ways, toilets etc		20,000,000.00
<b>Estimated Value</b>				<b>3,000,300,000.00</b>
Say				3,000,000,000.00

Note: Tsh 300,000 Construction cost per square meter arrived based on earlier construction costs of other structures and wherhouses.

It is assumed that the major building raw material will be procured from local market and other will be imported. Material costs have been conservatively estimated based on experience of the promoters and trends in the industry.

### 3.0 FINANCING PATTERN:

The project will be financed by a bank loan for Tsh 3,000,000,000/USD 1,200,000/= with a repayment tenure of 3 years.

### 3.1 PROJECT SUSTAINABLITY

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed and loans will be paid back as per agreed terms of repayment.

### 3.2. EXCHANGE CONSIDERED

USD 1 = TSH 2500

### 3.3 PROJECTED PAYBACK PERIOD

The Projected payback period is considered for 36 months starting from Oct 2023 onwards, below is schedule of payments.

#### **Project Repayment Schedule in Tsh**

<b>Year</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>
Principal Payment	269,327,090	899,137,644	1,054,032,804	777,502,462	3,000,000,000
Int.Payment	154,672,910	372,862,356	217,967,196	46,262,376	791,764,838
Total repayment	424,000,000	1,272,000,000	1,272,000,000	823,764,838	3,791,764,838

### 3.4 PROJECTED PROFIT AND LOSS ACCOUNT FOR NEXT FIVE YEARS

#### **ZHENKUN INVESTMENT COMPANY LIMITED** **PROJECTED INCOME AND EXPENDITURE STATEMENT FOR FIVE YEARS**

PARTICULARS	2023	2024	2025	2026	2027
<b>INCOME FROM SALES</b>	6,600,000,000	7,500,000,000	8,000,000,000	8,600,000,000	9,000,000,000
Opening Stocks	1,102,485,337	1,300,000,000	1,250,000,000	1,400,000,000	1,250,000,000
Add: Purchase Accounts	5,500,000,000	5,800,000,000	6,400,000,000	6,650,000,000	7,200,000,000
Closing Stocks	(1,300,000,000)	(1,250,000,000)	(1,400,000,000)	(1,250,000,000)	(1,400,000,000)
Cog Sold	5,302,485,337	5,850,000,000	6,250,000,000	6,800,000,000	7,050,000,000
<b>Gross Profit</b>	<b>1,297,514,663</b>	<b>1,650,000,000</b>	<b>1,750,000,000</b>	<b>1,800,000,000</b>	<b>1,950,000,000</b>
<b>INDIRECT EXPENSES</b>					
Adminstrative Expenses	647,800,000	749,400,000	828,700,000	909,900,000	999,600,000
Finance Expenses	162,172,910	381,362,356	226,967,196	56,762,376	12,000,000
Depreciation	323,233,378	365,705,736	323,898,069	290,058,710	262,317,280
<b>Total Indirect Cost</b>	<b>1,133,206,288</b>	<b>1,496,468,092</b>	<b>1,379,565,265</b>	<b>1,256,721,086</b>	<b>1,273,917,280</b>
Profit Before Taxation	<b>164,308,375</b>	<b>153,531,908</b>	<b>370,434,735</b>	<b>543,278,914</b>	<b>676,082,720</b>
Corporate Tax 30%	<b>49,292,512</b>	<b>46,059,573</b>	<b>111,130,421</b>	<b>162,983,674</b>	<b>202,824,816</b>
Profit After Depreciation	<b>115,015,862</b>	<b>107,472,336</b>	<b>259,304,315</b>	<b>380,295,240</b>	<b>473,257,904</b>
<b>Adminstrative Expenses</b>					
Audit Fee	2,000,000	2,500,000	2,800,000	3,200,000	4,100,000
Advertisement	12,000,000	15,000,000	18,000,000	21,000,000	25,000,000

City Service Levy	19,800,000	22,500,000	24,000,000	25,800,000	27,000,000
Directors Fee	97,200,000	97,200,000	97,200,000	97,200,000	97,200,000
Electricity & Water	130,000,000	160,000,000	190,000,000	210,000,000	250,000,000
Land Rent	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Legal & Professional	5,500,000	6,500,000	7,000,000	7,000,000	7,500,000
Motor Vehicle Running exp	35,000,000	45,000,000	50,000,000	55,000,000	60,000,000
Printing and Stationery	2,500,000	3,000,000	3,200,000	3,500,000	3,800,000
Rent	98,000,000	98,000,000	98,000,000	98,000,000	98,000,000
Repairs and Maintenance	42,000,000	46,000,000	49,000,000	55,000,000	58,000,000
Salaries, Wages & Benefits	175,000,000	220,000,000	250,000,000	290,000,000	320,000,000
Telephone, Postage & Internet	5,500,000	5,800,000	6,200,000	6,600,000	7,000,000
Transport & Travelling	15,000,000	19,000,000	24,000,000	28,000,000	32,000,000
Staff Welfare Expenses	6,500,000	7,100,000	7,500,000	7,800,000	8,200,000
<b>Total</b>	<b>647,800,000</b>	<b>749,400,000</b>	<b>828,700,000</b>	<b>909,900,000</b>	<b>999,600,000</b>
<b>Financie Cost</b>					
Bank Charges	7,500,000	8,500,000	9,000,000	10,500,000	12,000,000
Interest on Loans	154,672,910	372,862,356	217,967,196	46,262,376	
<b>Total</b>	<b>162,172,910</b>	<b>381,362,356</b>	<b>226,967,196</b>	<b>56,762,376</b>	<b>12,000,000</b>

Expenses are projected based on 2022 actuals, current year actual payments and projected considering sales growth.

### 3.5 PROJECTED FIXED ASSETS FOR NEXT FIVE YEARS FROM 2023 TO 2027

Asset Particulars	31.12.2022	31.12.2023	31.12.2024	31.12.2025	31.12.2026	31.12.2027
Land	319,064,000	319,064,000	319,064,000	319,064,000	319,064,000	319,064,000
Buildings	2,112,378,926	3,146,759,980	4,699,421,981	4,464,450,882	4,241,228,338	4,029,166,921
Plant & Machinery	273,390,718	453,782,279	340,336,709	255,252,532	191,439,399	143,579,549
Furniture & Equipment	20,365,626	11,893,596	10,406,896	9,106,034	7,967,780	6,971,808
Computers & Accessories	3,591,613	739,637	462,273	288,921	180,575	112,860
Motor Vehicles	22,457,627	12,632,415	9,474,311	7,105,733	5,329,300	3,996,975
<b>Total</b>	<b>2,751,248,510</b>	<b>3,944,871,906</b>	<b>5,379,166,170</b>	<b>5,055,268,102</b>	<b>4,765,209,392</b>	<b>4,502,892,112</b>
<b>Additions</b>						
Buildings		1,200,000,000	1,800,000,000			
Plant & Machinery		400,000,000				
<b>Total</b>		<b>1,600,000,000</b>	<b>1,800,000,000</b>	-	-	-
<b>Depreciation</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Land	-	-	-	-	-	-
Buildings	-	165,618,946	247,337,999	234,971,099	223,222,544	212,061,417
Plant & Machinery	68,347,680	151,260,760	113,445,570	85,084,177	63,813,133	47,859,850
Furniture & Equipment	6,772,945	1,699,085	1,486,699	1,300,862	1,138,254	995,973
Computers & Accessories	2,408,194	443,782	277,364	173,352	108,345	67,716
Motor Vehicles	5,614,407	4,210,805	3,158,104	2,368,578	1,776,433	1,332,325
<b>Total</b>	<b>83,143,226</b>	<b>323,233,378</b>	<b>365,705,736</b>	<b>323,898,069</b>	<b>290,058,710</b>	<b>262,317,280</b>
<b>Net Assets</b>	<b>2,668,105,284</b>	<b>3,944,871,906</b>	<b>5,379,166,170</b>	<b>5,055,268,102</b>	<b>4,765,209,392</b>	<b>4,502,892,112</b>

Net Asset as at 31.12.2027 4,502,892,112/-  
 Net Asset as at 31.12.2012 2,668,105,284/-  
 Increase in Fixed assets 1,834,786,828/-  
 % of Increase 69%

### 3.6 PROJECTED CASH FLOW STATEMENT FOR NEXT FIVE YEARS

<b>INFLOW</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Opening Balance	142,558,745	361,258,745	337,358,745	115,658,745	672,493,907
SALES	6,600,000,000	7,500,000,000	8,000,000,000	8,600,000,000	9,000,000,000
Vat Input on Sales	1,188,000,000	1,350,000,000	1,440,000,000	1,548,000,000	1,620,000,000
<b>Total inflow</b>	<b>7,930,558,745</b>	<b>9,211,258,745</b>	<b>9,777,358,745</b>	<b>10,263,658,745</b>	<b>11,292,493,907</b>
<b>OUT FLOW</b>					
Purchases	5,500,000,000	5,800,000,000	6,400,000,000	6,650,000,000	7,200,000,000
Vat output	990,000,000	1,044,000,000	1,152,000,000	1,197,000,000	1,296,000,000
Cash Paid for Indirect Exp.	809,972,910	1,130,762,356	1,055,667,196	966,662,376	1,011,600,000
Loan repayment	269,327,090	899,137,644	1,054,032,804	777,502,462	
<b>Total outflow</b>	<b>7,569,300,000</b>	<b>8,873,900,000</b>	<b>9,661,700,000</b>	<b>9,591,164,838</b>	<b>9,507,600,000</b>
Balance C/f	361,258,745	337,358,745	115,658,745	672,493,907	1,784,893,907

Considering the above data, project is having enough cash to payback project costs, the sales growth is projected considering growing demand for home appliances in Tanzania and neighboring countries. The company created direct employment to around 200 Tanzanian citizens and indirect employment to around 300 people. As per the projected profit and loss account, the company will pay approximately Tsh 800 Million towards corporate tax, local taxes, employee benefits.