HUA TENG INDUSTRIES LIMITED

BUSINESS PLAN

FOR

ESTABLISHMENT OF MODERN INDUSTRIAL PARK

1.0 INTRODUCTION

This is a report for business plan for HUA TENG INDUSTRIES LIMITED for development of a modern industrial park in Kisarawe II, Kigamboni District – Dar es Salaam Region the size of area measuring 99,965sqm SQM. The project promoters are sensitive to the look and feel of good industrial park as well as to high quality of the service to be provided by the industrial park which is being developed by HUA TENG INDUSTRIES LIMITED, a registered Limited company incorporated under the Companies Act, 2002 with certificate of Incorporation No: 156852996 issued on 19th July, 2022.

The main role that is going to be assumed by HUA TENG INDUSTRIES LIMITED is the development of industrial park infrastructure for sale/lease market.

HUA TENG INDUSTRIES LIMITED's mission is to always provide the best possible value to its customers who care about quality products, also to create and nurture a healthy, creative and respectful office and workshop environment, in which its employees are fairly compensated and encouraged to respect the customer and the quality of the product it produces. The average price for lease will range from US$4–US$6 per Sqm and 64350Sqm will be available for lease

1.1 HUA TENG INDUSTRIES LIMITED MISSION

To become a leading industrial park services provider company providing high standards in service quality, safety and environment, innovative solutions and services to various industries and promote corporate and personal growth exceeding customer expectations.

1.2 HUA TENG INDUSTRIES LIMITED MISSION VISION

To be a leader and pioneer in East Africa in trading, manufacturing, real estate, and industrial investments delivering customized and unique solutions ensuring time and cost savings for customers.

1.3 HUA TENG INDUSTRIES LIMITED VALUES

HUA TENG INDUSTRIES LIMITED, we believe the customer comes first; the company management is focused to ensure customer delight, superior quality of delivery and increased customer profitability.

At HUA TENG INDUSTRIES LIMITED, our operation is based in Kisarawe II, we practice an enduring value system based on an open culture, honest and fair business and personal conduct, earning the confidence and trust of our Associates and Customers.

At HUA TENG INDUSTRIES LIMITED, we practice transparency with all agencies that we are involved with.

At HUA TENG INDUSTRIES LIMITED, we value the importance of our colleagues, evolving a sense of togetherness and passion to deliver.

1.4 COMMITMENT TO SUCCESS

Endeavor to find solution and exceed customers' expectations.

1.5 TEAM PLAYERS

Possess positive attitude among ourselves, the customers and adopt company standards and system.

1.6 COMPANY OWNERSHIP AND BOARD OF DIRECTORS

HUA TENG INDUSTRIES LIMITED is promoted by ten shareholders who are very experienced in local and international business range from real estate development, import and selling, manufacturing etc.

Name	Shares %	Nationality
SUN LIANZHONG	80	Chinese
ZHU XUSHENG	20	Chinese

The HUA TENG INDUSTRIES LIMITED development upholds values of its shareholders and operate within strict legal and

ethical guidelines based on national statutes and international best practice standards.

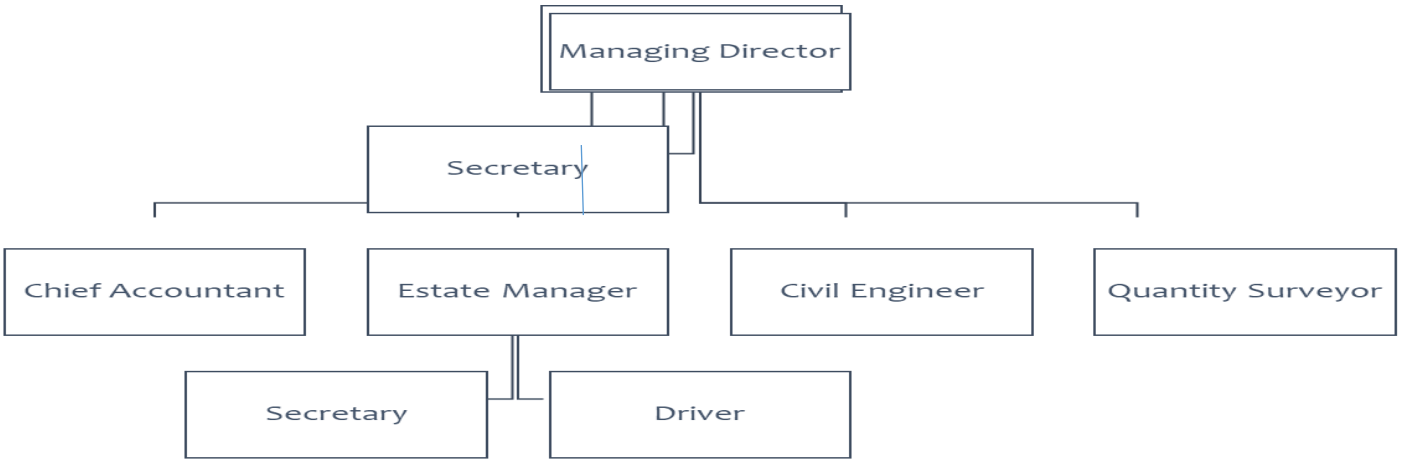
1.7 GOVERNANCE & TECHNICAL PERSPECTIVE

The company is working under the auspices of the board of directors that oversees the governance and strategic part of the company, with the Managing Director on the ground giving strategic guidance and direction to ensure that the Company achieves its financial vision, mission and long-term goals. The MD is supported by four senior officers who supervise day-to-day operations of the company with the support of other technical and non-technical staff in different functions such as accounting and procurement management, engineering, construction and quantity survey to ensure that company and stakeholder's objectives are fulfilled.

2.0 MANAGEMENT AND MANAGEMENT INFORMATION SYSTEM

The Managing Director leads the team of senior staffs designated as Chief Accountant, Estate Manager, Civil Engineer and Quantity Surveyor leading their designated departments under the support of other staff.

Organization Structure



2.1 JOB CREATION

The company will nurture its employees and introduce measures to promote job satisfaction and career progression as the business grows, The direct job to be employed HUA TENG INDUSTRIES LIMITED in managing the industrial park is estimated employing 25 by 64 factories which will be located within industrial park , an average of 10 employees for each factory and indirect jobs to be created by industrial parks is estimated to be more than 75 people, the average of one direct employee creating 3 indirect jobs

3.0 PROJECT INVESTMENT COST

HUA TENG INDUSTRIES LIMITED plan to construct the industrial park in two phases

HUA TENG INDUSTRIES LIMITED PROJECT INVESTMENT COST

Land and Buildings	6,000,000
Machinery & Equipment	1,500,000
Motor Vehicles	100,000
Furniture & Fixtures	5,000
Pre exp	20,000
Others	150,000
Working Capital	300,000
TOTAL	8,075,000

The first Phases to be US$4,000,000 and the second phase US$4,075,000

3.1 PROJECT FINANCING

The total Costs of the project is estimated to be USD is USD 8,075,000, the shareholders of HUA TENG INDUSTRIES LIMITED and cash generated from other business will contribute US$ 1,075,000 and the remaining amounting to US$7,000,000 to be sourced from financial institutions with bank interest of 8% the loan to be repaid within 8 years.

3.2 PROJECT PROJECTED REVENUE

The company has estimated that the leasing price per Sqm is US$4 and 64,350 square meters will be available for lease.

3.3 NUMBER OF WAREHOUSES

The average size of the warehouse been estimated to be 1000Sqm and 64 warehouses will be constructed and it is estimated to occupy 60% of total size of the area, potential investors will be encouraged to have a long-term lease of at least three years. These facilities are attractive to some of the investors who prefer to lease buildings rather than buy serviced land and thereafter, install their machinery and begin to operate their businesses.

3.4 THE VALUE OF FACTORIES IN THE INDUSTRY PARK

It is estimated that the average value of each factory in the industrial park is US$2m, therefore; the total value of factories within the park is estimated to be US$ 128m . Majority of the invested capital will flow into the country as foreign direct investments (FDIs) that will stimulate economic growth and accelerate industrialization.

3.5 ONE STOP FACILITATION CENTER

In order to make it efficiency, the management of HUA TENG INDUSTRIES LIMITEDis planning to have on one big building to

be used by Government institutions who will be operating and facilitating investment and trade within the industrial park.

3.6 OTHER SERVICE

All facilities like water, electricity, gas and telecommunications will be made available as well as Peaceful, secure, environmentally protected, and pollution-free work area Inter-unit transfer.

3.7 FACILITATION DESK

This desk will act like a reception center for all enquiries about the HUA TENG INDUSTRIES LIMITED.

3.8 CLEARING/FORWARDING SERVICES

The HUA TENG INDUSTRIES LIMITED will have approved clearing/forwarding agents holding valid Custom House Licenses.

3.9 OTHER PUBLIC SERVICES IN THE ZONES

The Zone is will have Banking, Restaurants, Hotels, Insurance companies, Public Bus stands, Parking lots. Areas of worship, shopping malls, Police posts and hospitals etc.

3.10 COMPANY'S OWN BUSINESS FACILITATION SERVICE CENTRE (BFSC)

In addition to the Government's OSSC, HUA TENG INDUSTRIES LIMITED plans to establish a BFSC that will offer business facilitation services to investors at the park such as accounting services, tax services and facilitation of various permits, licenses and advising investors on compliance and regulatory requirements.

Continuous services to investors at the park. HUA TENG INDUSTRIES LIMITED will be offering continuous services to investors at the park such as security services, waste collection, cleaning, and maintenance of public areas, as we all as maintenance of the utility connections and other basic onsite infrastructure such as roads, water ways, etc.

3.11 GAS AND ROAD ACCESS TO INDUSTRIAL PARK

In order to reduce cost of production and reliability of power, the industrial park will need the services of natural gas from Tanzania Petroleum Development Cooperation (TPDC) to be available at the park.

3.12 PROJECT LOCATION

The Project is located at **Plot No. P 14567 Kigogo Kisarawe II, Kigamboni District, Dar es Salaam Region- Tanzania.**

Location is the most crucial factor for the success of an Industrial Zone. Any investor investing in a zone will definitely want to reduce the cost of transportation in both ways i.e., for export of goods produced and import of raw materials.

As shown above the HUA TENG INDUSTRIES LIMITED is located 20 Kms from Dar es Salaam Port.

4.0 OVER VIEW OF INDUSTRIAL PARK

The 2030 Agenda for Sustainable Development recognizes the importance of inclusive and sustainable industrialization and the infrastructure that supports in eradicating poverty. However, premature de-industrialization has also become increasingly noticeable in developing countries with manufacturing having a decreasing share of the gross domestic product (GDP). By delivering public goods and the accompanying policy interventions in support of investment, industrial parks have acted as a catalyst to facilitate industrial development. It should be noted that industrial parks also contribute to Sustainable Development Goals through promoting socially and environmentally responsible industrialization within the parks themselves, as well as by demonstrating what is possible to the rest of the country. In this broad context, a number of trends have been shaping the future of industrial parks. Firstly, the increase in the number of industrial parks since the early 1990s has created competition to attract investment and pressure to

offer ever better services. Secondly, increasing urbanization and the growth of residential and mixed-use areas in or adjacent to industrial parks has created pressure to better integrate them into their broader urban context. Thirdly, better management of environmental externalities in recent years, particularly in the context of increased awareness of climate change, has become an increasingly significant factor in business operations and decision-making for 'green growth' and resource-efficient 'circular economy' business models. Fourthly, the digital transformation, particularly in technologies related to Industry 4.0, presents opportunities and challenges for enterprises that actively embrace the trend and make an effort to stay abreast of the productivity gains. Furthermore, regardless of the industrial parks' ownership model, the private sector invariably plays a vital role, both as the parks' residents, and very often also as design consultants, construction contractors and as the managers of public projects. The participation of private firms provides critical expertise and, thereby reduces government risk. It is critical that industrial parks adapt to these trends successfully to achieve their objective.

The objective of industrial parks development should be part and parcel of a country's overall industrial policy. Industrial parks represent an effective industrial policy tool because many of their possible supportive policy components —investment policy, trade policy, finance, support for enterprises including

incentives, physical infrastructure and superstructure, consultancy and training, workforce development, and R&D and innovation policy– are the same. In this sense, industrial parks can be utilized as industrial policy microcosms, either through the geographically-concentrated application of national industrial policy or through a dedicated subset of policies. Indeed, establishing industrial support systems in parks is easier than it is at the countrywide level, due to the clustering of the enterprises they catalyse. Some of the more successful industrial park programmes have also developed mechanisms for addressing investment climate constraints. Some of the areas that industrial park legislation may cover include the following: Effective industrial park location criteria, including ensuring transportation and communication facilities and connections to markets; Quality physical infrastructure and brownfield superstructure in industrial parks, including through sound planning and development control framework; Rights with respect to the establishment, use and operation of infrastructure facilities within industrial parks; Investor eligibility and plot allocation; Investment incentives; Environmental obligations of industrial park developers, operators and users; and Organization of industrial park governance bodies. As there is constant global competition for increasingly scarce foreign direct investment (FDI), investment incentives have long been another public policy tool used in the pursuit of national and

regional economic development goals through industrial parks. Investment incentives can be classified into three broad categories: Financial incentives (direct subsidies, grants and loans); Fiscal incentives (tax holidays and reduced tax rates); and other incentives (including subsidized land, infrastructure and services, as well as various regulatory concessions). The most common incentives in industrial parks are subsidized serviced land and infrastructure. However, fiscal incentives are also often frequently offered. Direct financial incentives are rarer. Regardless of their specific elements and levels, any industrial park investment incentives should take the following key considerations into account: Incentives have public opportunity costs, and they should thus be applied "smartly"; Incentives should be easy to use and transparent; Impact of incentives should be measurable; Incentives should be relevant to the specific conditions, endowments and comparative advantages of the host economy (e.g., location, Infrastructure, sectors

4.1 THE CONCEPT OF INDUSTRIAL PARKS

The principal rationale for establishing an industrial park is to enable "industry to settle and develop at a specific location that is planned and improved to that effect" . Industrial parks are, for this reason, an important tool within a country's broader industrial and infrastructure policies. The common definition of an industrial park is "a tract of land developed and sub-divided

into plots according to a comprehensive plan with the provision of roads, transportation and public utilities, sometimes also with common facilities, for use by a group of manufacturers". The term "industrial parks" is often also used however to cover a broad range of concepts, such as free-trade zones, export processing zones, special economic zones, hightech zones, free ports, enterprise zones, etc . The large number of terms and concepts associated with industrial parks is, among other reasons, the result of differences in the objectives, functions or forms of these parks, differences in the economic policy terminology of various countries, as well as the desire of certain industrial parks or programmes to differentiate themselves from the competition. Thus, any comprehensive definition of industrial parks must be sufficiently broad to reflect the variety within them.

4.2 PUBLIC POLICY ARGUMENTS FOR ESTABLISHING INDUSTRIAL PARKS

The public policy motivations for promoting industrial parks often derive from the industrial policies or strategies of national, state and local governments, seeking to induce industrial transformation, diversification and upgrading towards more competitive, sustainable and inclusive economies, through structural changes correcting for market failures8.

Industrial policy in general has the potential to enhance the competitiveness of the economy, enable the restructuring of existing sectors and allow enterprises to become more efficient, diversify the economy into new industrial sectors, integrate enterprises into global value chains, as well as to lead to gains in technology, know-how and production methods. As such, industrial policy is cross-disciplinary and seeks to ensure coordinated action in many different policy areas with linked objectives, including through investment, trade, fiscal, financial, R&D and innovation, education, labour, infrastructure, transportation, energy and environmental policy measures. To ensure successful implementation, the industrial policy targets and policy performance criteria should be clearly defined. Some of the typical objectives of an industrial policy include the following:

- Facilitating production and employment;
- Attracting investment, integration into global value chains and facilitating exports;
- Promoting structural change, diversification of production into areas of comparative and competitive advantage, and productivity;
- Stimulating R&D and innovation, technological capabilities, the development of competitive human resources and the upgrading of enterprises;
- Development of physical infrastructure;

- Promoting sound environmental management in industry;
- Gender and social inclusiveness in employment and economic benefits of wealth creation; and
- Improving the effectiveness of public service delivery

A strong long-term government investment policy commitment is needed to ensure policy stability and success, as are proper dialogue and cooperation mechanisms between the central, regional and local governments, involving the private sector and civil society

Within the broader overall context of industrial and investment policy and their general goals, more specific policy motivations for industrial parks may include the following:

- Developing the manufacturing sector: A competitive manufacturing sector plays a key role in both economic growth and socio-economic transformation. Industrial parks can provide a favourable business environment to develop the manufacturing sector and to add economic value in economies that are heavily dependent on the production of unprocessed/semi-processed agricultural products or extractive resources. Industrial parks can also be used to create backward and forward linkages where an economy's raw materials and supplies flow to the park for processing. Agro-processing parks, for instance, have backward linkages to farmers and their raw materials, as well as forward linkages to food wholesalers, retailers and exporters.

- Attracting investment and technology: Industrial parks are an important tool for attracting investment and technology, given that some of the key factors that influence investment decisions are the availability of land, infrastructure, quality services and proximity to strategic markets. The technology transfer opportunities that foreign investment in particular can bring to an economy are crucial to improving production capacity through the associated transition from labour-intensive to technology-intensive production that often accompanies it.
- Regional and national development: Contributing to regional and national development is often a primary driver of the decision to establish industrial parks that foster new investment, industries, jobs, linkages and growth.
- Improving the business environment: Industrial parks can improve companies' productivity by reducing production costs, reducing waste and pollution, and generally increasing economic opportunities.
- Fostering innovation: Industrial parks create environments that foster collaboration and innovation by providing a location where the government, the private sector and universities and research institutes can collaborate, as well as conduct and commercialise research and reinforce entrepreneurship. Industrial parks can also support entrepreneurs by incubating new businesses. The shared

services offered by industrial parks can moreover reduce small business market entry barriers and facilitate access to seed capital

- Economic experimentation and demonstration. Industrial parks can serve as a test of economic reforms, new policies and approaches in a geographically-concentrated pilot area. Their demonstration effects can then, if successful, be replicated nationwide, along with the best practices drawn from these pilots and their demonstration effects then being applied to other industrial locations and businesses
- Community development. Industrial parks, as local economic hubs and growth centres with certain positive externalities, can (when properly designed) serve as platforms for delivering on broader local community goals, such as local employment creation, as well as transportation services, education and training, health care, mail and communication services, and others
- Promoting environmental safeguards. Industrial parks can offer the opportunity to decrease production costs through common infrastructure and systems, while also leading to increased materials, water and energy efficiency, including through waste recycling, water management and resource recovery. Eco-industrial parks can further reduce pollution and waste by applying pollution prevention, renewable

energy, industrial symbiosis, and other environmental management methods and technologies

4.3 EMERGING TRENDS AFFECTING INDUSTRIAL PARKS

Inclusive and sustainable industrial parks can, when appropriately implemented, be an effective policy instrument to promote industrialisation and the structural transformation it brings. While they primarily serve to overcome high production and transaction costs stemming from lack of infrastructure, along with the focused complementary interventions their industrial agglomeration facilitates, industrial parks can also help reduce information asymmetries, facilitate access to finance, and help to strengthen regulatory institutions. By delivering these public goods and the accompanying policy interventions to support investment, industrial parks have been a catalyst in facilitating industrial development, including in East Asia's "tiger economies" and in China during the 1980s, as well as in Europe, the Americas and parts of South Asia since as far back as the 1960s.

A number of important emerging trends are shaping the future of industrial parks. There has been a sharp increase in the number of industrial parks across the globe since the early 1990s, creating competition among countries and their parks in attracting investment, and a resulting pressure to offer ever better services. Furthermore, increasing urbanisation and the

growth of residential and mixed-use areas in or adjacent to industrial parks, has created pressure to better integrate them into their broader urban planning context. Moreover, better management of environmental externalities, in recent years, particularly in the context of increased awareness of climate change, has become an increasingly significant factor in business operations and decision making for 'green growth' and resource-efficient 'circular economy' business models. Fourth and finally, the digital revolution presents opportunities for productivity gains at the firm and industrial park operational levels alike.

Indeed, over the last few decades, manufacturers around the world have undergone a profound transformation – in terms of structure, technology and sectoral interlinkages. Changes in consumer demand, the nature of products and the economics of production have all contributed to a fundamental shift in the way companies do business16, and to reshaping the competitive landscape for manufacturing. Such change can be expected to continue apace. Going forward, industrial parks should therefore take into account such emerging trends as follows:

- ONGOING COMPETITION FOR FOREIGN DIRECT INVESTMENT

Since the early 1990s, there has been a sharp increase in the number of industrial parks across the world, especially in industrialising and emerging economies. According to the database of the International Labour Organization (ILO), the number of industrial parks worldwide increased from 29 in 1975 to 3,500 in 2006. Three out of every four countries have at least one industrial park. Maintaining competitiveness amidst domestic and global competition will continue to be a critical issue for industrial parks, their developers and their operators. The future industrial park will likely be one with ever higher quality infrastructure, along with superior services and superstructure, as these competing parks all strive to best satisfy the demands of enterprise

- INTENSIFYING 'GREEN SHIFT'

Concern about environmental externalities is becoming an increasingly significant factor in business operations and decision-making. There is now a major emphasis on how to combine green growth with spatial planning initiatives. Furthermore, in order to curb environmental impacts and ensure productivity in resource-scarce environments, governments and businesses alike are looking to scale up resource efficiency and to implement cleaner production practices. Environmental considerations have therefore become a vital issue in the process of establishing new industrial parks as well as an

impetus for retrofitting and upgrading existing ones to improve their environmental performance. These trends, and the environmental safeguards for the industrial zones they create, appear likely to become more and more accentuated over the coming years

- INDUSTRIAL TOWNS

Industrial parks were traditionally built outside of the city limits due to lower land costs, the desire to avoid zoning incompatibilities with residential and commercial areas, and the ability to manage certain environmental externalities more effectively from such locations. Over time, however, many industrial parks have become industrialised towns or urban districts, as employees have settled in or near them. Adjacent areas have been transformed into towns and sometimes even cities, and local authorities have responded to this process by increasing urban services such as low-cost housing, medical care and education, as well as by allowing residential, retail and mixed-used zoning. The growth of commercial businesses and residential areas in or adjacent to industrial parks has meant that such places have taken on increasingly urban economic and social characteristics, with both the challenges and the opportunities that this presents for industry. Moreover, with rapid urbanisation all around the world, cities are expanding in all

directions, such that industrial parks and their own boundaries have begun to meet and indeed blur.

These forms of urban development entail that industrial park development policies increasingly need to consider the implications and impacts of urban agglomerations, their features, and their requirements for sustainable development, as well as begin to incorporate these factors into their design and management approaches. This will ensure better integration between the parks and nearby urban centres and towns, not least as regards utilities, and social infrastructure and services.

5.0 INDUSTRIAL PARK OPERATION AND MANAGEMENT

Industrial Park operation involves site and facilities management and maintenance, including ongoing investment promotion, performance monitoring and evaluation, and continuous improvement and reinvestment.

During the project's implementation phase however, the industrial park's management mainly focuses on coordinating actors, attracting investment, implementing DCR and initiating the sale or lease of land to residents.

At the most basic level, industrial parks are meant to provide an integrated real estate solution for gaps in the market for serviced industrial land. In this context, they must, however, provide more than land and utilities, and offer a basket of services to support resident businesses. The operators must transfer developed

land, ensure effective utilities connections and network management, and manage, maintain and repair all of the industrial park's facilities, or contract with specialized service providers to do so. Industrial Park operators must also supervise residents' own building construction on plots, if this is an option, plant installation and operations, provide environmental management services within the park, and ensure park security. Modern operators' delivery of utilities and waste management services should be grounded in an understanding of eco-efficiency, by-product synergies and integrated waste management, in order to deliver properly-coordinated, clean and green services at the park-wide level.

Moreover, and especially if the State contributes to the industrial park programme in some manner (for instance through land, equity, subsidies or tax incentives), industrial parks and their operators may also be expected to provide a number of "public goods", for instance in the form of services aimed at developing entrepreneurship, strengthening supply chains through linkage programmes, improving entrepreneur and/or resident workforce skills, ensuring employee care, etc. As integrated real estate solutions, industrial parks' primary indicator of success is their occupancy level.

It is thus essential for industrial parks to attract resident firms and investment, and to this end must also:

- Marketing of the developed plots, ready-built factory shells and warehousing space, residential and commercial areas and facilities, etc.;
- Industrial Park brand image building;
- Contractual agreements with residents;
- Day-to-day operation of the park, including ensuring the efficient operation of all the general and specialized infrastructure and facilities therein;
- Facilities management and maintenance within the park, including facilities upgrades;
- Collection of common maintenance and operations fees and charges from users;
- Compliance with legal standards and requirements, including in particular as regards, environmental matters; and
- Supervision of the application and enforcement of internal development control rules by the park's users

5.1 LABOUR RELATIONS MANAGEMENT

Responsible labour relations management has a direct influence on the sustainability of industrial parks as it affects the size, morale and productivity of the workforce. Due emphasis should therefore be given to ILO Labour Standards, in particular the following aspects of labour relations management:

- Decent work – Industrial operators should ensure employees' right to proper working conditions and such rights as equal

pay for equal work. A widely-adopted practice in this respect is for operators to undertake due diligence on the enterprises during the resident identification and approval processes, in order to identify firms with poor social and safety records;

- Labour unions – Labour unions should be permitted in industrial parks in accordance with the host countries' applicable rules and regulations; and
- Legal issues and dispute settlement – It is vital to establish a mutually-agreed dispute settlement mechanism for conflicts arising within an industrial park.

Industrial parks can and should however be leveraged as platforms that go beyond such basic protections of worker rights and safeguards, and promote superior standards of worker welfare, standards and practices to attract talent, enhance workforce skills, and contribute to quality jobs and a knowledge-based economy.

5.2 ENERGY MANAGEMENT IN PARK OPERATIONS

After park operation has begun, the use of renewable energy and low-carbon technologies, as well of industrial symbiosis where relevant, can be ensured through conducting ongoing energy audits to determine energy use. Industrial Park operators, in addition to regularly conducting such audits should support industries in implementing energy management systems and in identifying energy efficiency and renewable opportunities.

As industrial parks create clusters of energy consuming entities, industrial park operators can help optimize energy use through 'energy symbioses', by promoting energy saving practices, implementing energy management systems, and using clean and renewable energy. Therefore, due emphasis should be given to the following aspects of energy management:

- Matching energy supply and demand: To ensure that users in industrial parks have access to sufficient (but not an over-supply of) energy, it is essential to properly project and manage each user's demand, based on sound consumption-based systems. Modern Park operators therefore generally establish firm-level metering systems. Furthermore, prospective residents must provide energy demand and consumption plans as part of their application.
- Promoting of energy efficiency: As improvements in energy efficiency benefit both the industrial park in general as well as individual residents, industrial park operators are increasingly identifying opportunities to reduce energy consumption, for instance by stimulating and facilitating 'energy symbioses', and energy clustering and cooperation among residents. Such cooperation can be achieved through clustering buildings and processes, energy exchange, collective production and joint energy services. Surplus energy (e.g. heat, electricity, steam, biogas, etc.) from a plant can thus

be transferred to other companies in the park (or even to nearby communities),

- Renewable and clean energy: Provision for the integration of renewables and clean energy in an industrial park should ideally be addressed during the feasibility study and planning phase, with systems built into park management thereafter in order to encourage the continued adoption and use of these technologies during park operation. Industrial Park managers should also, in all cases, at least establish programmes to identify opportunities to expand the utilization of renewable and clean energy. This can often be done by facilitating access to government subsidized preferential financing for renewable and clean energy transition or use, and/or government incentives for research and development initiatives related to clean energy.

5.3 MANAGEMENT MODELS

An industrial park can be developed and operated by the government – at the national, state or local level; by private enterprise – whether by a construction company developer or consortium, or manufacturers association; or by some sort of public–private partnership (PPP) – for instance through a joint venture between government and private enterprise. Different government ministries, public agencies and state-owned development and facilities management corporations regularly

invest in industrial parks, given the public interest they present for the economy.

The developer or owner, whatever its ownership structure, pays for the initial development of a park64 and then, during the operations phase, leases or sells the developed and serviced plots and/or factory shells to private firms in order to recoup its costs. Furthermore, regardless of the industrial parks' ownership model, the private sector invariably plays a vital role in them, both as the parks' residents, and also very often as the design consultants, construction contractors and manager of public projects65. This participation by private firms provides critical expertise and, in so doing, reduces government risk.

Where the operator is a separate entity from the site's owner or developer, the industrial park owner or developer is responsible for establishing and defining the industrial park operator's specific responsibilities, to be enshrined in an "Operator Agreement". There are three common industrial park management approaches:

- Management by public entity: Public management is a widely-adopted approach in many developing countries, where a government has a large economic stake in an industrial park. This can either be done directly by a Ministry, Agency or Authority, or through a commercially-oriented State-Owned Enterprise (SOE) or Special Purpose Vehicle (SPV). In the latter scenarios, the government owns, founds

and invests in the company, giving the State strong influence over day-to-day decision-making regarding the park's operations;

- Management by private entity: Under this model, the park operator, a private company, is contracted by the industrial park's owner/investors, sometimes including resident firms that own plots and factory buildings in the park. This approach is mainly adopted where private investors have largely investments and/or own industrial parks. Private management contracts to specialized facilities management companies are also regularly established at government/state owned industrial parks; and
- Joint management by public and private entities: Industrial parks owned in public-private partnership are jointly managed by the government and private investors. While the power-sharing mechanism described in the SPV's Articles of Association allows the parties to divide responsibilities as they deem most appropriate, it almost invariably leaves day-to-day park management and technical decisions to the private partner(s), vesting the public partner(s) with land acquisition, compensation and resettlement, and government relations and interface (for instance around required permits).

6.0 THE MARKET

6.1 General Market Review

Market observations in reveal that there is still high demand for high quality industrial premises with readymade infrastructure, quality workmanship, quality design, and services available and affordable price are basic factors to attract investors in the industrial park

7.0 BUSINESS ANALYSIS

HUA TENG INDUSTRIES LIMITED potential and capability for survival is based on the following facts:

- HUA TENG INDUSTRIES LIMITED products and services are reputed for quality.
- HUA TENG INDUSTRIES LIMITED workers have requisite capability and experience.
- The location of HUA TENG INDUSTRIES LIMITED, which is the nearby Port, Railway, international airport, market etc.

7.1 PLANNED OBJECTIVES

The planned objectives are meant for the serviced plots in the industrial park soft with basic facilities that will satisfy clients' needs.

7.2 STRATEGIES

In order to achieve the above objectives, it is planned to implement the following strategies;

- Equip the project adequately by installing state-of -the-art facilities and support infrastructure;
- Institute a preventive maintenance programme;
- Develop and implement an effective marketing policy- Target Marketing; develop and implement an advertising and promotional programme;
- Establish an effective financial and resources management.
-

7.3 IMPLEMENTATION

It is expected that the project will be implemented in three-year period that involves construction and minor civil works, power and water network etc

8.0 ECONOMIC ADVANTAGES

On the basis of the above account the analysis has overwhelmingly proved that the project is financially sound and techno-economically viable.

Furthermore, the project has immense potential towards the earning of the badly needed Forex earnings. It is hereby recommended that the project be implemented. The envisaged

undertaking will be viable and profitable if it is implemented early.

Full execution of the envisaged project will make it one of the upcoming manufacturing companies in the country which will contribute to economic and social development in terms of employment, economic activities and infrastructure development.

Several Social Economic benefits that will be apprehended in the course of operating this undertaking will include the following:

- SOCIAL AND ECONOMIC IMPACT OF THE PROJECT

The project will have both economic and social benefits to the community and the country as a whole. The first and foremost important benefit will be to the Municipality in which the industrial will be located with potential for increasing the standard of living for people in that particular area.

- EMPLOYMENT EFFECT

The project will create employment to both skilled, semi-skilled, unskilled staff and casual labourers. The company will also create employment opportunities to locals. The employees will also benefit from contribution by the employer for social security fund. In addition, the plant operations will increase activity levels

consequently trigger income spillover effect to the neighbouring people.

- CONTRIBUTION TO GOVERNMENT REVENUE

The project will contribute to the Government reserve in form of taxes, payroll levy, land rent, and other taxes and duties on local and export sales. In addition, the project will have a multiplier effect in the economy as a whole.

- PROJECT SENSITIVITY TO ENVIRONMENT

The environmental impact assessment is a key guide to this project. In that sense the project will do thorough research on the nature of the environment around the site and by means of national guidelines, use all means possible to keep the environment natural within the project area. No interruptions will be done unnecessarily and where necessary the highest precaution will be made.

8.0 FINANCIAL APPRAISAL

The company's financial projections have been prepared over the period of 8 years as mentioned above,

8.1 FINANCIAL REVIEW

The financial review as shown on appendices attached to this document of HUA TENG INDUSTRIES LIMITED business shows that: –

- The project is profitable;
- The liquidity position is sound and that it should be able to meet its financial commitment without any undue difficulty;
- The operations are financially viable;
- The key ratios are acceptable.

8.2 ASSUMPTIONS

The financial projections to determine the viability of the project by HUA TENG INDUSTRIES LIMITED are based on the following key assumptions:

- Construction of industrial park plant will start immediately and implemented in three phases.
- The company market will be for foreign and local investors local.
- Financial calculations are based on current market prices and costs are assumed constant throughout the operating period under review on the assumption that if operation costs change, selling prices will change proportionally to preserve the profit margins.
- The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items

has been applied, it is assumed to be 10%annual depreciation.

- It is assumed that the major building raw material will be procured from local market and other will be imported. Revenues have been conservatively estimated based on experience of the promoters and trends in the real estate industry.
- 8years financial projections have been worked out

9.3 Projected Rental Revenue

For projection purposes, it is assumed that the economic life of the project is 8 years, and that revenue from business commence from the first year of operation

9.4 Projected Profit and Loss Statement

The Income and Expenditure Statement show the projected income for the 8 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from negative **US $ 1,190,833** in first to **US $ 13,508,421 in** 8^{th} year

9.5 Projected Cash Flows

This is shown in the Projected Cash Flows Statement. They indicate that the project will meet its entire financial obligation,

the net cash flow in the first-year rise from negative **US$ 1,896,333** and grow up to **US$ 17,192,421** in 8th year,

9.6 Projected payback period

Total investment is **US $8,075,000,** cash accumulation in 5th year **US$ 10,157,187** which is more than the initial investment costs.

10.0 CONCLUSION AND RECOMMENDATION

The project is consistent with the governments Industrial Policy, financially and economically viable, socially desirable and environmentally friendly, hence it is recommended for approval and obtain TISEZA Certificate

HUA TENG INDUSTRIES LIMITEDPROJECTED INCOME STATEMENT US$

	1	2	3	4	5	6	7	8
Revenue	2,831,400	2,972,970	3,121,619	3,277,699	3,441,584	3,613,664	3,794,347	3,984,064
Operating Expenses:	424,710	445,946	468,243	491,655	516,238	542,050	569,152	597,610
Profit before Depreciation &Interest	2,406,690	2,527,025	2,653,376	2,786,045	2,925,347	3,071,614	3,225,195	3,386,455
Interest	560,000	490,000	420,000	350,000	280,000	210,000	140,000	70,000
Depreciation	145,500	145,500	145,500	145,500	145,500	145,500	145,500	145,500
Gross Profit	1,701,190	1,891,525	2,087,876	2,290,545	2,499,847	2,716,114	2,939,695	3,170,955
Tax (30%)	510,357	567,457	626,363	687,163	749,954	814,834	881,908	951,286
Profit After Tax	1,190,833	1,324,067	1,461,513	1,603,381	1,749,893	1,901,280	2,057,786	2,219,668
Accumulated Profit	1,190,833	2,514,900	3,976,413	5,579,794	7,329,687	9,230,967	11,288,753	13,508,421

HUA TENG INDUSTRIES LIMITEDPROJECTED CASH FLOWS US$

SOURCES:		1	2	3	4	5	6	7	8
Profit before interest and depreciation	–	2,406,690	2,527,025	2,653,376	2,786,045	2,925,347	3,071,614	3,225,195	3,386,455
Equity	1,075,000								
Loan	7,000,000								
Total Sources	8,075,000	2,406,690	2,527,025	2,653,376	2,786,045	2,925,347	3,071,614	3,225,195	3,386,455
Applications:									
Capital expenditure	7,605,000	–	–	–	–	–			
working Capital &Others	470,000								
Cash	–	1,896,333	1,959,567	2,027,013	2,098,881	2,175,393	2,256,780	2,343,286	2,435,168
Tax	–	510,357	567,457	626,363	687,163	749,954	814,834	881,908	951,286
Sub total	8,075,000	2,406,690	2,527,025	2,653,376	2,786,045	2,925,347	3,071,614	3,225,195	3,386,455
Total applications	8,075,000	2,406,690	2,527,025	2,653,376	2,786,045	2,925,347	3,071,614	3,225,195	3,386,455
Accumulated cash		1,896,333	3,855,900	5,882,913	7,981,794	10,157,187	12,413,967	14,757,253	17,192,421

HUA TENG INDUSTRIES LIMITED PROJECTED BALANCE SHEET US$

Fixed Assets		1	2	3	4	5	6	7	8
Opening balance	–	7,605,000	7,459,500	7,314,000	7,168,500	7,023,000	6,877,500	6,732,000	6,586,500
Additions	–								
Total Long-term Assets	–	7,605,000	7,459,500	7,314,000	7,168,500	7,023,000	6,877,500	6,732,000	6,586,500
Less depreciation	–	145,500	145,500	145,500	145,500	145,500	145,500	145,500	145,500
Closing balance	–	7,459,500	7,314,000	7,168,500	7,023,000	6,877,500	6,732,000	6,586,500	6,441,000
Working capital	–	470,000	470,000	470,000	470,000	470,000	470,000	470,000	470,000
Accumulated cash	–	1,896,333	3,855,900	5,882,913	7,981,794	10,157,187	12,413,967	14,757,253	17,192,421
Total assets	–	9,825,833	11,639,900	13,521,413	15,474,794	17,504,687	19,615,967	21,813,753	24,103,421
Financed by									
Equity	1,075,000	1,075,000	1,075,000	1,075,000	1,075,000	1,075,000	1,075,000	1,075,000	1,075,000
Accumulated profit	–	1,190,833	2,514,900	3,976,413	5,579,794	7,329,687	9,230,967	11,288,753	13,508,421
Total equity	1,075,000	2,265,833	3,589,900	5,051,413	6,654,794	8,404,687	10,305,967	12,363,753	14,583,421
Long term loan	7,000,000	6,125,000	5,250,000	4,375,000	3,500,000	2,625,000	1,750,000	875,000	–
Total debts	7,000,000	6,125,000	5,250,000	4,375,000	3,500,000	2,625,000	1,750,000	875,000	–
Total equity and debts	8,075,000	8,390,833	8,839,900	9,426,413	10,154,794	11,029,687	12,055,967	13,238,753	14,583,421

HUA TENG INDUSTRIES LIMITED COST STRUCTURE

Land and Buildings	6,000,000
Machinery & Equipment	1,500,000
Motor Vehicles	100,000
Furniture & Fixtures	5,000
Pre exp	20,000
Others	150,000
Working Capital	300,000
TOTAL	8,075,000

HUA TENG INDUSTRIES LIMITED FIXED ASSETS US$

NAME OF ASSETS	1	2	3	4	5	6	7	8
Land And Buildings	6,000,000	5,880,000	5,760,000	5,640,000	5,520,000	5,400,000	5,280,000	5,160,000
Machinery, Tools & Equipment	1,500,000	1,485,000	1,470,000	1,455,000	1,440,000	1,425,000	1,410,000	1,395,000
Motor Vehicles	100,000	90,000	80,000	70,000	60,000	50,000	40,000	30,000
Furniture & Fixtures	5,000	4,500	4,000	3,500	3,000	2,500	2,000	1,500
0	7,605,000	7,459,500	7,314,000	7,168,500	7,023,000	6,877,500	6,732,000	6,586,500
DEPRECIATION	1	2	3	4	5	6	7	8
Land and buildings	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Machinery tools & Equipment	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Motor Vehicles	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Furniture & Fixtures	500	500.00	500.00	500.00	500.00	500	500	500
ANNUAL DEPRECIATION	145,500	145,500	145,500	145,500	145,500	145,500	145,500	145,500

HUA TENG INDUSTRIES LIMITED PROJECTED LONG TERM LOAN REPAYMENT

Year	Principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
1	875,000	560,000	1,435,000	7,000,000
2	875,000	490,000	1,365,000	6,125,000
3	875,000	420,000	1,295,000	5,250,000
4	875,000	350,000	1,225,000	4,375,000
5	875,000	280,000	1,155,000	3,500,000
6	875,000	210,000	1,085,000	2,625,000
7	875,000	140,000	1,015,000	1,750,000
8	875,000	70,000	945,000	875,000