

HUATONG LOGISTICS LIMITED

**Business Plan For
Assembling of trucks and
Motor vehicles**

AUGUST 2025

1.0. EXECUTIVE SUMMARY

1.1 INTRODUCTION

The Study examines the possibility of establishing a project for Assembling of trucks and motor vehicles in Dar es Salaam. Recognition of market needs and demands will be the hallmark of the anticipated success in the company's manufacturing operations.

An **assembly line** is a manufacturing process (most of the time called a *progressive assembly*) in which parts (usually interchangeable parts) are added as the semi-finished assembly moves from work station to work station where the parts are added in sequence until the final assembly is produced.

By mechanically moving the parts to the assembly work and moving the semi-finished assembly from work station to work station, a finished product can be assembled faster and with less labor than by having workers carry parts to a stationary piece for assembly.

Assembly lines are the common method of assembling complex items such as automobiles and other transportation equipment, household appliances and electronic goods.

Assembly lines are designed for the sequential organization of workers, tools or machines, and parts. The motion of workers is minimized to the extent possible. All parts or assemblies are handled either by conveyors or motorized vehicles such as forklifts, or gravity, with no manual trucking. Heavy lifting is done by machines such as overhead cranes or forklifts. Each worker typically performs one simple operation.

According to Henry Ford:

The principles of assembly are these:

(1) Place the tools and the men in the sequence of the operation so that each component part shall travel the least possible distance while in the process of finishing.

(2) Use work slides or some other form of carrier so that when a workman completes his operation, he drops the part always in the same place—which place must always be the most convenient place to his hand—and if possible have gravity carry the part to the next workman for his own.

(3) Use sliding assembling lines by which the parts to be assembled are delivered at convenient distances.^[1]

Strong Foundations:

A strict code of professionalism, quality and service will place the company at the top of other hydraulic components remanufacturers, and its reputation will be steadily extended through the obvious satisfaction of customers.

- Strong On Quality:

The company will manufacture hydraulic components employing processes such as hard chrome electroplating, machining, welding, honing and hydraulic testing. Its range of products will be of superb quality. The factory will maintain high quality standards certified to universally recognized criteria.

1.2 HYDRAULIC REMANUFACTURING

Remanufacturing is a relatively new term used in the fluid power industry. For many years, exhausted hydraulic components would either be repaired or rebuilt.

This would typically involve replacing only worn parts and reassembling the unit. The quality of these types of repairs was marginal at best. Many “repaired” items would fail upon reinstallation, therefore giving the repair industry a bad reputation.

Due to the increased expectation of quality in the early 90’s, the hydraulic remanufacturing industry evolved. With equipment becoming more affordable and available, several companies made investments to shift from repairing to remanufacturing.

Remanufacturing is a complex process that involves 5 steps. First, each component is completely disassembled. Every part is then thoroughly inspected to determine if it will meet specifications. The parts are then routed through a series of cleaning, machining, hardening and restorative processes to return it to like new condition. Finally, the parts are reassembled along with new seals and bearings and rigorously tested to insure quality before the component is shipped. The hydraulic remanufacturing industry provides many benefits to it’s’ customers. They include significant cost savings, readily available products and the ability to offer products that have been obsolete by the manufacturer. Also, by recycling previously manufactured items, we are conserving valuable natural resources. A remanufactured component is an excellent alternative to a new or aftermarket component.

1.3 PROCESS AND TECHNOLOGY

HUATONG LOGISTICS LIMITED is related to quality-certified suppliers of Assembling of trucks, machines and agricultural equipments for leading international mining and construction companies.

Severely worn or badly damaged hydraulic components result in lost productivity and machine downtime. The company's experienced engineers and machinists are expected to meet and exceed industry standards in the remanufacturing of various mechanical components including but not limited to:

- Hydraulic Pumps
- Hydraulic Motors
- Hydraulic Valves

Extensive engineering and design capabilities, coupled with decades of hands-on repair experience, will enable HUATONG LOGISTICS LIMITED to restore hydraulic components to required specifications at an economical cost, making client machinery and employees productive again. Its remanufacturing process will include:

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- Disassembly, cleaning, and inspection of all components
- Delivering written inspection report and estimate
- Component repair as per customer specifications
- Assembly and testing components to ensure desired performance

1.4 LOCATION

The plant will be located on industrial site at Dar es Salaam.

1.5 MANPOWER REQUIREMENTS

The whole project will comprise about 60 permanent employees and several others may be employed on temporary basis. Initially there will be a few technical expatriates who will give training to the local staff. Maximum employment will be given to the local work force. The factory will be organized into three major areas namely:

Production

Marketing

Finance and administration

1.6 IMPLEMENTATION

The project is planned to undergo two phases:

Phase I: Major activities to be involved include registration of the project and approvals by the Tanzania Investment and Special Economic Zone Authority (TISEZA), and mobilization of funds from sponsors. Other activities include identification of appropriate technology, sourcing of machinery and equipment, construction and renovation of buildings, staff recruitment and training of core personnel.

Phase II: Will involve commencement of manufacturing operations at project site.

1.7 PROJECT ECONOMICS

1.7.1 Capital Investment Requirements

COST STRUCTURE	
PARTICULAR	AMOUNT USD
Land and Buildings	200,000
Machinery & Equipment	660,000
Motor Vehicles	135,000
Furniture & Fixtures	10,000
Pre exp	40,000
Others	50,000
Working Capital	400,000
TOTAL	1,500,000

3.0 MANUFACTURING SECTOR IN TANZANIA

3.1 INTRODUCTION

A typical automotive assembly plant is divided into three major sections. In the first section, exterior body panels and the interior frame are assembled and welded together. This work is mostly performed by robots, but may also require some manual welding. During this stage, the body is attached to a conveyor system that will move it through the entire assembly process. Throughout the entire process, numerous inspections are performed to ensure the quality of the work.

The painting process comprises the second section of the assembly plant where bodies of cars pass through a series of carefully ventilated, sealed paint rooms. Here, the bodies are dipped into chemicals to prevent rust and seal the metal. Then the bodies are primed, painted, and sealed with a clear coat.

Final assembly of the vehicle comprises the third section of the automobile manufacturing process. Here, parts such as the seats, dashboard, and power train (engine and transmission) are installed. Although machines assist with loading heavy parts, much of the assembly work is still performed by team assemblers working with power tools.

The smallest sector in terms of employment is motor vehicle body and trailer manufacturing. In 2008, about one-fourth of establishments were engaged in this type of manufacturing. These establishments specialized in manufacturing truck trailers; motor homes; travel trailers; campers; and car, truck, and bus bodies placed on separately purchased chassis.

4.0 PRODUCTION PROCESS AND TECHNOLOGY

4.1 BASIC PROCESS

Despite news of plant closures and unemployed auto workers, the motor vehicle and parts manufacturing industry continues to be one of the largest employers in the country and a major contributor to our economy. Motor vehicle and parts manufacturing is constantly evolving to improve efficiency and provide products that consumers want in a highly competitive market, which at times may mean outdated plants are forced to close.

It also means companies and workers must adapt more quickly to changes in demand and production practices so that new technologies can be implemented and work can be done on a number of different vehicles at one time. Teamwork and continual retraining are key components to the success of this industry and the ability of the workforce to adapt.

Motor vehicle and parts manufacturers also have a major influence on other industries in the economy as well. Building motor vehicles requires vast quantities of materials from, and creates many jobs in, industries that manufacture steel, rubber, plastics, glass, and other basic materials. It also spurs employment for automobile and other motor vehicle dealers; automotive repair and maintenance shops; gasoline stations; highway construction companies; and automotive parts, accessories, and tire stores.

The motor vehicles manufactured in this industry include automobiles, sport-utility vehicles (SUVs), vans and pickup trucks, heavy duty trucks, buses, truck trailers, and motor homes. It also includes the manufacturing of the parts that go into these vehicles, such as the engine, seats, brakes, and electrical systems. According to the Federal Reserve, over 8 million motor vehicles were assembled in the U.S. in 2008. Building and assembling the many different parts of a car or truck requires an amazingly complex design, manufacturing, and assembly process.

4.1.2 Machining

Conventional machining is a collection of material-working processes in which power-driven machine tools such as saws, lathes, milling machines and drill presses are used with a sharp cutting tool to mechanically cut the material to achieve the desired geometry. Machining is a part of the manufacture of almost all metal products, and it is common for other materials, such as wood and plastic, to be machined. A person who specializes in machining is called a machinist. A room, building, or company where machining is done is called a machine shop. Much of modern day machining is controlled by computers using computer numerical control (CNC) machining.

The three principal machining processes are classified as turning, drilling and milling. Other operations falling into miscellaneous categories include shaping, planing, boring, broaching and sawing.

- Turning operations are operations that rotate the work piece as the primary method of moving metal against the cutting tool. Lathes are the principal machine tool used in turning.
- Milling operations are operations in which the cutting tool rotates to bring cutting edges to bear against the work piece. Milling machines are the principal machine tool used in milling.
- Drilling operations are operations in which holes are produced or refined by bringing a rotating cutter with cutting edges at the lower extremity into contact with the work piece. Drilling operations are done primarily in drill presses but sometimes on lathes or mills.

- Miscellaneous operations are operations that strictly speaking may not be machining operations in that they may not be swarf producing operations but these operations are performed at a typical machine tool. Burnishing is an example of a miscellaneous operation. Burnishing produces no swarf but can be performed at a lathe, mill, or drill press.

4.1.3 Welding

Welding is the process of joining metals by melting the parts and then using a filler to form a joint. Welding can be done using different energy sources, from a gas flame or electric arc to a laser or ultrasound.

Until the beginning of the 20th century, welding was done via a process known as forge welding, which consists of heating up the pieces to be fixed together and then hammering them until they amalgamate. With the advent of electricity, welding became easier and faster, and it played an important part of the industrialization. There are different welding processes in use in modern times:

- Arc welding is done through the use of an electrical current, and can be performed by using inexpensive equipment.
- Gas Welding is widely used for repair work, especially in anything involving pipes and tubes. Gas welding is common in the jewelry industry, as well as for the welding of plastics and other materials that cannot stand higher temperatures.
- Resistance welding involves the use of additional sheets of metal to encase the pieces to be welded together. It is the most

environmentally-friendly of all methods, but it requires costly equipment that cannot be used in all situations.

- Energy beam welding, also known as laser beam welding, is one of the most modern techniques used. Laser welding is fast and accurate, but the high equipment cost makes it prohibitive for many industries.
- Welding cannot be done with all types of metals, as some materials, such as stainless steel, are prone to cracking and distortion when overheated. Alloys are particularly problematic, since it's hard to know the exact chemical composition of the metal. Welding has become highly automatized over the last decade, and the use of welding robots is now common place in certain industries, such as the automotive manufacturing plants.

4.1.4 Honing

Honing is an abrasive machining process that produces a precision surface on a metal work piece by scrubbing an abrasive stone against it along a controlled path. Honing is primarily used to improve the geometric form of a surface, but may also improve the surface texture.

Typical applications are the finishing of cylinders for internal combustion engines, air bearing spindles and gears. Types of hone are many and various but all consist of one or more abrasive stones that are held under pressure against the surface they are working on

4.1.5. Hydraulic Testing

Hydraulic testing evaluates hydraulic components and finished products through flow and pressure tests, performance tests, environmental exposure tests, dynamic tests, and other specialized tests.

Hydraulic testing equipment includes test stands, manifolds, manifold-mounted components, and controls. Manifold-mounted controls are organized for operator convenience.

A hydraulic tester can operate with a number of different fluids, including phosphate ester-based fluids and red-oils. Hydraulic testers may be capable of higher pressures (<5000 psi) and can use a variety of electrical supply power ratings. A hydraulic testing service can upgrade hydraulic equipment with features such as automatic controls and data acquisition.

4.2 QUALITY CONTROL SYSTEM

Quality will be the nucleus of M/s HUATONG LOGISTICS LIMITED and the company will make sure that it is not compromised at any cost. The company expects to incorporate a strict quality management system, which will be responsible for keeping the entire business proceeding under a strict vigil. Its range of products will undergo strict quality check at each level. A variety of measures will be taken to ensure that the finished products meet specifications based on international standards.

5.0 MACHINERY EQUIPMENT AND CIVIL WORKS

5.1 MACHINERY & EQUIPMENT

The company will hence acquire appropriate manufacturing machinery and equipment including lathe, milling and grinding machines. The technology to be used will be modern to achieve remanufacturing of high quality hydraulic components. The company is already negotiating with suppliers of required machinery and equipment for supply of the same once all necessary preparations are completed.

5.2 PLANT LOCATION AND CIVIL WORKS

5.2.1 Site and Location

The plant shall be located on industrial site on plot at Industrial Area, Dar es Salaam. This location takes into consideration such important factors like availability of reliable power.

5.2.2 Production Building Required

The built up area required for production will be medium sized taking into consideration the kind of operations to be undertaken

5.2.3 Office Building

An office block to accommodate the administrative and clerical staff will also be required.

5.3 UTILITY SERVICES

5.3.1 Water

A three-inch diameter pipeline to the premises from the main pipeline is adequate. To avoid incidences of water shortage a water reservoir of capacity 20,000 liters is recommended to be constructed.

5.3.2 Electricity

The Tanzania Electric Supply Company Ltd. (TANESCO) will continue providing the required amount of electricity from the national grid.

5.0 MANPOWER AND PLANT ORGANIZATION

The proposed project will have three independent departments, namely:

- Production
- Sales and Marketing
- Administration and Finance

6.1 ORGANIZATION

The Board of Directors of M/s HUATONG LOGISTICS LIMITED shall manage the project at policy level. The top most people in the day to day running of the company will be the Managing Director. Under the Managing Director's office will be the three Departments mentioned above. Each will be under a Manager and will comprise a number of Sections each headed by a Section Head as follows.

PRODUCTION DEPARTMENT

Sections:

- Operations
- Maintenance

SALES AND MARKETING DEPARTMENT

Sections:

- Research & Promotion
- Sales

ADMINISTRATION AND FINANCE DEPARTMENT

Sections:

- Human Resources & Administration
- Finance & Accounts

Each Department will be manned by a number of personnel with varying education levels and work experiences.

The management team of M/s HUATONG LOGISTICS LIMITED will comprise the Managing Director, Production Manager, Finance & Administration Manager and Sales & Marketing Manager.

6.2 RESPONSIBILITIES

Responsibilities will be as follows:

6.2.1 Production Department

The Manager will be responsible for planning and overseeing daily hydraulic components remanufacturing activities being carried out. He will further be responsible for repair and maintenance of company assets and research and development activities. The Department will comprise Sections, namely:

- The Production Section which would be responsible for overseeing manufacturing operations. An expatriate will be employed to train the local technicians in this aspect of operations.
- Maintenance Section which will manage plant and machinery maintenance

6.2.2 Finance and Administration Department

An Administration and Finance Manager will head the Department. He will be responsible for the administration of the company as well as overseeing the financial aspects of the company. An Accountant will manage the

finance function while a Human Resources Section Head will oversee company human resource issues. The following important units will be under the Department.

- The personnel and administration unit which will be responsible for the general administrative matters of the company as well as personnel issues.
- The finance unit, which will be responsible for financial issues. It will also be responsible for the proper maintenance of books of accounts and financial planning.
- The purchasing unit which will be responsible for the purchase of raw materials, spare parts and equipment. This section will also be responsible for the receipt, storage and issue of purchased materials.

6.2.3 Sales and Marketing Department

This Department will be headed by the Sales and Marketing Manager who will be responsible for the development of a sustainable sales and distribution network. This will involve developing distribution network and recruitment and training of qualified and well motivated marketing and sales personnel.

There will be two Section Heads under the Department. One Section will be responsible for Research & Promotion and another will handle Sales function.

6.3 MANPOWER REQUIREMENT

The permanent manpower requirement for running the proposed project is 30. Several other employees may be contracted on temporary basis.

6.4 SOURCE OF MANPOWER

Manpower for proposed project will be employed from local sources, except for a few expatriates who would basically be engaged in the training of local staff. The workers will be given on-the-job training for familiarize them with the proposed machinery and equipment.

After the initial 2 years, depending on the results of the training, local counter parts will replace the expatriates.

7.0 INVESTMENT AND FINANCING

7.1 ASSUMPTIONS

The financial projections to determine the viability of the project by M/s HUATONG LOGISTICS LIMITED are based on the following key assumptions:

- Acquisition and Installation of machinery and equipment for hydraulic components remanufacturing will start immediately. Thereafter production of operations will commence.
- The company market will be local as well as export based on current operations
- Financial calculations are based on current market prices and costs are assumed constant throughout the operating period under view on the assumption that if operation costs change, selling prices will change proportionally to preserve the profit margins.
- The project has adopted the currency exchange rate of United States Dollar 1 = Tanzania Shilling 2100.00 as prevailing during August 2015.

7.2 SUMMARY OF CAPITAL COSTS

On completion of project implementation, the total investment will reach to US\$ 0.645 million as shown in attached schedules.

7.3 BUILDING AND CIVIL WORKS COSTS

The main civil works required involves construction/renovation of factory buildings in which the machinery will be installed .Other civil works will be

electrification and water supply, etc. Total investment on land and buildings is estimated at US\$ 100,000

7.4 PLANT MACHINERY AND EQUIPMENT COSTS

The main plant and machinery for the envisaged project will be for remanufacturing of hydraulic and other mechanical components including lathe, milling and grinding machines. Other supporting equipment, tools, accessories, etc. will be required as explained earlier

The total investment on machinery and equipment is based on a quotation received from major suppliers for main production machinery and amount to US\$ 360,000 approximately.

7.5 MOTOR VEHICLES

For company work, the promoters intend to procure various vehicles at total cost of US\$ 35,000.

7.6 PRE-PRODUCTION CAPITAL EXPENDITURES

These include project development cost for feasibility study and start-up expenses. A budget of US\$ 40,000 is considered adequate for this item

7.7 INITIAL WORKING CAPITAL

Initial net working capital requirement at maximum for the proposed project works out at about US\$ 50,000. This is mainly for the procurement of initial stocks of raw materials. Rest of the requirement of the working capital will be raised from commercial banks as and when the need arises. This will fluctuate as per stocks in hand.

7.8 FINANCING PATTERN

The financing of the project will be from shareholder's equity contribution.

The financing of the project will take the following form

	EQUITY(US\$)	LOAN(US\$)
FOREIGN	1,045,000	555,000
LOCAL	-	-

8.0 COST OF OPERATIONS

The anticipated costs for operating the project are detailed in the following sections and summarized in attached schedules. The summarized costs are based on the fifth year of operation.

8.1 UTILITIES

A total of US\$ 84,113 will be required as water bills and for the purchase of electric power at sustainable production level.

8.2 VEHICLE RUNNING EXPENSES

Vehicle running expenses include fuel, maintenance, lubricants, road licenses, etc. The cost has been estimated at US\$ 270,013

8.3 SALARIES AND WAGES

The number of employees, along with their incomes, is shown in attached schedules. The total annual wage package is estimated at US \$ 234,836 including fringe benefits and related taxes

8.4 MARKETING

The marketing costs are estimated at US\$ 116,385 in the fifth year of operation as per attached schedules

8.5 DEPRECIATION

The following is a depreciation schedule for major assets to be employed in manufacturing operations of the project.

DEPRECIATION	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Land & Buildings	10,000	10,000	10,000	10,000	10,000
Plant & Equipment	36,000	36,000	36,000	36,000	36,000
Motor Vehicles	3,500	3,500	3,500	3,500	3,500
Furniture & Fixtures	1,000	1,000	1,000	1,000	1,000
ANNUAL DEPRECIATION	50,500	50,500	50,500	50,500	50,500

9.0 FINANCIAL ANALYSIS

9.1 INCOME AND EXPENDITURE

9.1 Income

The proposed project by M/s HUATONG LOGISTICS LIMITED expects to earn its income through revenue generated from sale of remanufactured hydraulic and other mechanical components. The total sales are expected to stand at US\$ 2,327,694 in the fifth year of operation

9.1.1 Expenditure

Some project costs have been discussed in Chapter 9 and are summarized in detail in attached schedule.

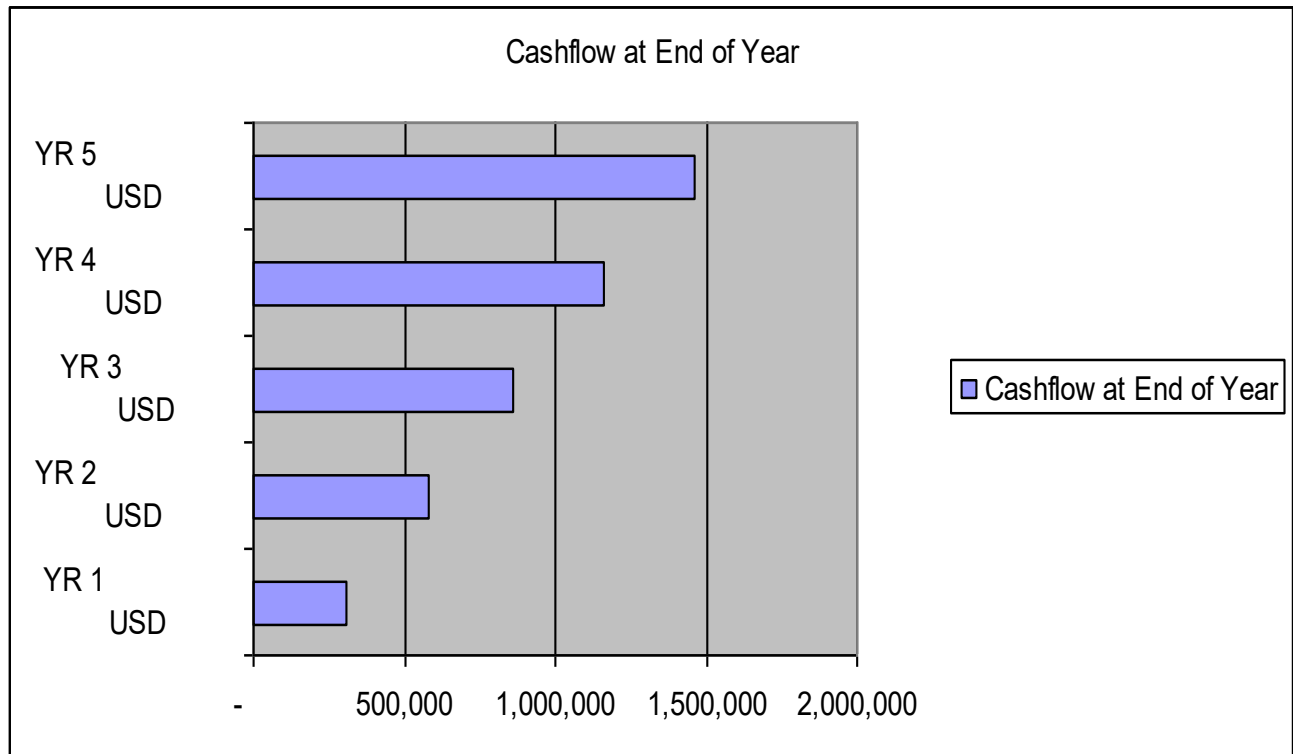
9.2 NET INCOME STATEMENT HIGHLIGHTS

The project's annual after tax net income during the fifth year of production is estimated to reach US\$ 240,626 as presented in the Income Statement of the financial statements appendix.

9.3 CASH FLOW HIGHLIGHTS

This is shown in the financial statements. The project has a positive end of the year cash flow from year 1 of operation to the 5th year as shown hereunder.

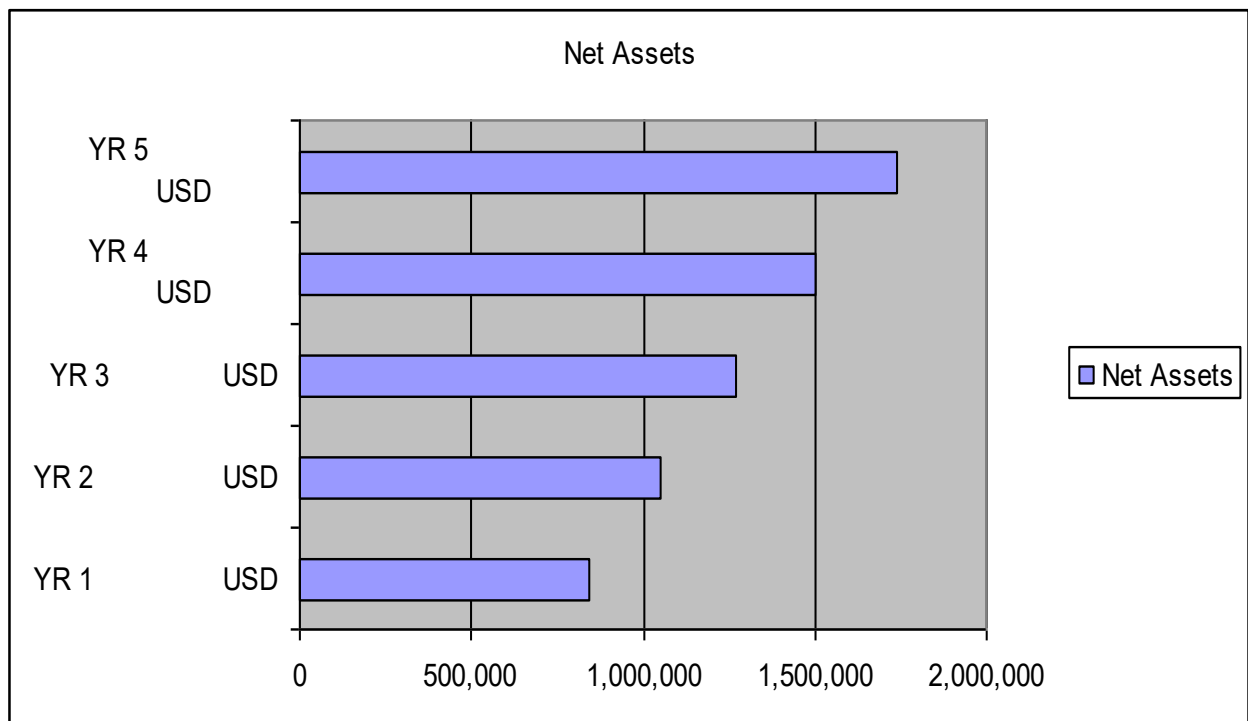
CASH FLOW PROJECTION					
	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Cash flow at End of Year	309,580	580,557	863,212	1,157,815	1,463,614



9.4 BALANCE SHEET

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Net worth of the project increases from US\$ 842,295.00 in the first year of operation to US\$ 1,739,251.00 in the 5th year.

BALANCE SHEET PROJECTION					
	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Net Assets	842,295	1,050,116	1,268,785	1,498,625	1,739,251



10.0 ECONOMIC ANALYSIS:

10.1 ASSUMPTIONS AND CONSIDERATIONS

The basic assumptions underlying economic benefits and costs are:

10.1.1 Taxes on capital costs have not been considered.

10.1.2 Conversion factors have been used to determine economic costs and benefits.

10.1.3 Economic life of the project is assumed to be 5 years.

10.2 ECONOMIC BENEFITS OF THE PROJECT

The successful operation of the Project will contribute significant economic benefits to Tanzania. In summary the benefits which will be realized are as follows:-

- This project will boost investment in manufacturing sector which is important for the economy, contributing to research and other skills development. Employment opportunities for at least 30 permanent staff when the project is fully operational.
- The direct income for the workers, combined with other social benefits that the Management of M/s HUATONG LOGISTICS LIMITED will provide, will help in overall efforts of alleviation of poverty in the Region.
- Provision of a market for goods and services demanded by expanded tax base to the Treasury and local Government authorities and generation of substantial income to the Government.

11.0 RECOMMENDATIONS

The project is technically feasible, financially and economically viable and environmental friendly. A fast implementation of the project is highly recommended to avoid cost overruns and for the project to be able to realize the benefits outlined above; especially at this juncture when the Government is making effort to boost investment in various sectors in the economy.

In view of the above it is further strongly recommended that the project be approved by Tanzania Investment and Special Economic Zone Authority (TISEZA) and be granted the Certificate of Incentives with its associated privileges and benefits as provided for Investors from the Government to facilitate smooth implementation.

HUATONG LOGISTICS LIMITED						
PROJECTED INCOME & EXPENDITURE STATEMENT						
		YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
Sales Revenue		1,915,000	2,010,750	2,111,288	2,216,852	2,327,694
Cost of Sales		727,700	764,085	802,289	842,404	884,524
Gross Profit		1,187,300	1,246,665	1,308,998	1,374,448	1,443,171
Operating Expenses:						
Administrative Expenses:		229,800	241,290	253,355	266,022	279,323
Motor Vehicle running expenses		222,140	233,247	244,909	257,155	270,013
Salaries and wages		193,200	202,860	213,003	223,653	234,836
Pension contribution		19,320	20,286	21,300	22,365	23,484
Depreciation		50,500	50,500	50,500	50,500	50,500
Marketing Costs		95,750	100,538	105,564	110,843	116,385
Utility costs		57,450	63,195	69,515	76,466	84,113
Insurance		25,800	25,800	25,800	25,800	25,800
Communication		11,490	12,065	12,668	13,301	14,966
Total Expenses		905,450	949,780	996,614	1,046,105	1,099,419
Profit before Tax		281,850	296,885	312,385	328,343	343,752
Tax (30%)		84,555	89,066	93,715	98,503	103,126
Profit After Tax		197,295	207,820	218,669	229,840	240,626

HUATONG LOGISTICS LIMITED						
PROJECTED BALANCE SHEET						
		YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
<u>Fixed Assets</u>						
Long-term Assets		505,000	454,500	404,000	353,500	303,000
Depreciation		50,500	50,500	50,500	50,500	50,500
Total Long-term Assets		454,500	404,000	353,500	303,000	252,500
<u>Current Assets</u>						
Cash		309,580	580,557	863,212	1,157,815	1,463,614
Accounts Receivable		2,747,017	2,773,080	2,795,453	2,814,069	2,829,157
Stock		555,945	628,094	700,652	773,640	847,075
Total Current Assets		3,612,542	3,981,730	4,359,317	4,745,523	5,139,846
Total Assets		4,067,042	4,385,730	4,712,817	5,048,523	5,392,346
<u>Current Liabilities</u>						
Accounts Payable		2,844,031	2,951,988	3,057,350	3,160,007	3,259,833
Other Current Liabilities		58,216	61,127	64,183	67,392	70,762
Subtotal Current Liabilities		2,902,247	3,013,114	3,121,533	3,227,400	3,330,595
<u>Long-term Liabilities</u>						
Long-term Liabilities		322,500	322,500	322,500	322,500	322,500
Total Liabilities		3,224,747	3,335,614	3,444,033	3,549,900	3,653,095
Net Assets		842,295	1,050,116	1,268,785	1,498,625	1,739,251
<u>Capital and Reserves</u>						
Owners Contribution		645,000	645,000	645,000	645,000	645,000
Retained Earnings		197,295	405,116	623,785	853,625	1,094,251

Total Capital		842,295	1,050,116	1,268,785	1,498,625	1,739,251
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HUATONG LOGISTICS LIMITED						
PROJECTED CASHFLOW						
		YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
CASHFLOW FROM OPERATIONS:						
Cash Sales		1,532,000	1,608,600	1,689,030	1,773,482	1,862,156
VAT Receipt		383,000	402,150	422,258	443,370	465,539
Subtotal Cash Received		1,915,000	2,010,750	2,111,288	2,216,852	2,327,694
Expenditures from Operations:						
Purchases		654,930	687,677	722,060	758,163	796,072
Additional Cash Spent		854,950	899,280	946,114	995,605	1,048,919
VAT payments		145,540	152,817	160,458	168,481	176,905
Interest Expense		-	-	-	-	-
Subtotal Cash payment		1,655,420	1,739,774	1,828,632	1,922,249	2,021,895
CASH FROM OPERATIONS		259,580	270,977	282,656	294,603	305,799
CASH FLOW FROM INVESTMENTS:						
Purchase of Assets		-505,000				
Working capital		- 90,000				
CASH FLOW FROM INVESTMENTS:		- 595,000	-	-	-	-
CASH FLOW FROM FINANCING:						
Owners Equity Contribution		645,000				
Bank loan		-				
CASH FLOW FROM FINANCING		645,000	-	-	-	-

NET CASHFLOW FOR PERIOD	309,580	270,977	282,656	294,603	305,799
CASHFLOW AT START OF YEAR	-	309,580	580,557	863,212	1,157,815
CASHFLOW AT THE END OF YEAR	309,580	580,557	863,212	1,157,815	1,463,614

HUATONG LOGISTICS LIMITED						
SCHEDULES AND GRAPHS						
SCHEDULE 1						
REVENUE PROJECTION						
PRODUCTS	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD	
Hydraulic Components	1,350,000	1,417,500	1,488,375	1,562,794	1,640,933	
Other	565,000	593,250	622,913	654,058	686,761	
	1,915,000	2,010,750	2,111,288	2,216,852	2,327,694	

SCHEDULE 2						
OTHER OPERATING COSTS						
OTHER OPERATING COST	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD	
Motor vehicle running expenses	222,140	233,247	244,909	257,155	270,013	
Salaries and wages	193,200	202,860	213,003	223,653	234,836	
Pension contribut.	19,320	20,286	21,300	22,365	23,484	
Depreciation	50,500	50,500	50,500	50,500	50,500	
Administrative expenses	229,800	241,290	253,355	266,022	279,323	
Marketing Costs	95,750	100,538	105,564	110,843	116,385	
Utility costs	57,450	63,195	69,515	76,466	84,113	
Insurance	25,800	25,800	25,800	25,800	25,800	

	Communication	11,490	12,065	12,668	13,301	13,966
	Total costs	905,450	949,780	996,614	1,046,105	1,098,419

	SCHEDULE 3	
	COST STRUCTURE	
	PARTICULAR	AMOUNT USD
	Land and Buildings	200,000
	Plant, Machinery & Equipment	660,000
	Motor Vehicles	135,000
	Furniture & Fittings	10,000
	Pre expenses	40,000
	Others	50,000
	Working Capital	400,000
	TOTAL	1,500,000

	SCHEDULE 4					
	FIXED ASSETS SCHEDULE					
	NAME OF ASSETS	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
	Land and Buildings	100,000	90,000	80,000	70,000	60,000
	Plant & Equipment	360,000	324,000	288,000	252,000	216,000
	Motor Vehicles	35,000	31,500	28,000	24,500	21,000
	Furniture & Fixtures	10,000	9,000	8,000	7,000	6,000
	TOTAL	505,000	454,500	404,000	353,500	303,000
	DEPRECIATION	YR 1 USD	YR 2 USD	YR 3 USD	YR 4 USD	YR 5 USD
	Land and Buildings	10,000		10,000	10,000	10,000

			10,000			
	Plant & Equipment	36,000	36,000	36,000	36,000	36,000
	Motor Vehicles	3,500	3,500	3,500	3,500	3,500
	Furniture & Fixtures	1,000	1,000	1,000	1,000	1,000
	ANNUAL DEPRECIATION	50,500	50,500	50,500	50,500	50,500
	CLOSING FIXED ASSETS	454,500	404,000	353,500	303,000	252,500

SCHEDULE 5						
SALARIES & WAGES						
NO	DEPARTMENTS/DESIGNATION	NO.	SALARY PER MONTH	SUBTOTAL MONTHLY SALARY	ANNUAL GROSS SALARY	
1	Managing Director	1	2000	2000	24,000	
2	Finance and Administration Manager	1	1500	1500	18,000	
3	Production Manager	1	1500	1500	18,000	
4	Sales and Marketing Manager	1	1500	1500	18,000	
5	Marketing Officer	1	800	800	9,600	
6	Accountants	1	800	800	9,600	
7	Engineers	15	800	4000	48,000	
8	Technicians	15	400	2000	24,000	
8	Secretary	1	250	250	3,000	
9	Drivers	3	150	450	5,400	
10	Machine Operators	6	150	900	10,800	
11	Security Guards	12	100	200	2,400	
12	Office Assistant	2	100	200	2,400	
	TOTAL USD \$	60	10,050	16,100	193,200	