

KUNG HEI COMPANY LIMITED

BUSINESS PLAN

FOR

CONSTRUCTION OF MODERN WAREHOUSES FOR RENTAL

1.0 EXECUTIVE SUMMARY.

KUNG HEI COMPANY LIMITED is a private business company incorporated in the United Republic of Tanzania with Certificate of incorporation No. 152751893 issued on 22nd JULY 2002. The proposed business plan is of **Construction of modern warehouses at Kisemvule Area, Plot No 31, Block D”, Mkuranga in Coast region.** The proposed new project shall cost US\$ 1M and creating new employment of 200 local people and 50 foreign people.

1.0 There are two shareholders of this company, who are WU NING and WU YUNQING who are Chinese by nationality.

1.1 The company’s shares are owned as follows: -

Name	% of Shares	Nationality
WU NING People’s Republic of China	50%	Chinese
WU YUNQING People’s Republic of China	50%	Chinese

1.2 LOCATION.

Kisemvule Area, Plot No 31, Block D, Mkuranga in Coast region.

1.3 MISSION

Prompt and professionally high-quality service delivery to customers, aimed at ensuring and facilitating the warehousing network we make it easier to solve warehousing issues. Ultimately, the mission of constructing modern warehouses is to create a resilient, adaptable, and efficient logistics network that meets the demands of today's fast-paced, technology-driven market.

1.4 Core Values

Service provision with efficiency, integrity, sustainability, beneficial to all stakeholders and creativity while treating each customer as if they were the company's only customer.

1.5 AUDITED REPORTS

KUNG HEI COMPANY LIMITED will maintain good financial reports which will be audited by reputable auditor firm

2.0 BASIS OF THE BUSINESS PLAN

A study based on rapid appraisal surveys was conducted prior to, and as the basis of preparation of this plan, the surveys were based on the following objectives and approach:

2.1 Study Objectives:

- a) To seek a position as a warehouse associate at **KUNG HEI COMPANY LIMITED** apply physical, organizational skills, and general problem-solving knowledge.
- b) To examine the physical and operational characteristics of the existing market in order to determine the positioning of the proposed company's business in the market place.
- c) To conceptualize the proposed company's business operations, assess their economic viability, commercial profitability, social feasibility and provide a vision as to how the planned objectives should be realized.

- d) To provide supporting documentation required for construction of warehouses at kisenvule, Mkuranga and also in accessing credit facilities required in the financing of the investment capital.

2.2 Study Approach:

- a) Physical visits to the company's main business premises
- b) A brief market survey on industries in Tanzania, Characteristics of demand and the general market structure of building warehouses, competition among service provider in the market.
- c) Conduction of profitability/viability test of the investment, using the appropriate financial projections for the initial period of five years proposed for the business operations.

3.0 THE PROJECT

3.1 Project Concept

The project will be done in three (3) phases involves construction of Warehouses which will be for rental uses; this will include construction warehouses, lavatories, storage containers, power generators etc.

3.2 Project planned business project will entail the following main activities:

- Ordering of the building material production storage can include pallet racks, shelving and bins, and equipment from China and other overseas suppliers and entering into agreements for the purchase/ acquisition of those assets.
- Consigning the purchased materials used in warehouse construction all the equipment and accessories from countries of their origin to Tanzania
- Clearing of all the purchased goods from the ports of entry and transporting them to the company's premises in Dar es salaam
- Installation of the machinery, registration, insuring and licensing of the vehicles ready for deployment in the company's business

3.3 Project Objectives

3.3.1 Development Objectives:

KUNG HEI COMPANY LIMITED aims at playing a significant role in the participation of the company in the efforts to maximize exploitation of the largely existing business potential in manufacturing industry particularly in building materials.

3.3.2 Immediate Objectives:

- a) To build and operate a building materials machine and installed production capacity of 8400 metric tons per year.
- b) Enhancing the country's capacity to utilize its BUILDING MATERIALS raw materials and related natural resources when their commercial exploitation begins,
- c) Creating employment opportunities to skilled and semi-skilled Tanzanians in industrial operations, including their supplies and distribution in the company's business.

4.0 Overview of Modern Warehousing in Tanzania

4.1 The economy

Tanzania is one of the fastest growing economies in Africa, thanks to the sustained economic reforms which are being undertaken since the late 1980's. The country's economy has been constantly growing since mid1990 by average of 5.9%, and now growing at average of 7% which make Tanzania economy to be among the fastest growing economy in Africa and world at large. The overall vision is to transform the sector of the economy from the present level of per capita GDP of about US\$867 to medium developed country with an average per capital GDP of around US\$2,500 (National Development Vision 2025), the GDP from manufacturing 926,333TZSmillion.

4.2 Manufacturing Industry

Tanzania manufacturing sector contributes 5.6% to the country GDP in 2014 with \$2.69bn compared to \$1.47bn in 2009, representing an increase of 82%.

Tanzania's manufactured goods imports tripled over the past 5 years increasing from US\$497.7m in 2010 to US\$1.4billion in 2015 accounting for 25% of Tanzania's total exports value-

4.2.1 Building materials industry

Tanzania has around 10 building materials industries which used to produce approximately 200,000tons of building materials per annum. The industry uses raw materials, most of which is obtained locally, however due to growing demand, producers are sometimes forced to import raw materials from neighboring countries, where there is excess of the materials, which can be obtained at competitive prices. Due to financial difficulties and lack of adequate supply of raw materials.

KUNG HEI COMPANY LIMITED is poised to exploit to the maximum, the anticipated development in this Sector for its own enhanced growth.

5.0 BUSINESS ENVIRONMENT ANALYSIS;

5.1 Internal Approach;

5.1.1 Management:

KUNG HEI COMPANY LIMITED is a corporate entity is managed under the Board of Directors. Day to day management of its conducted under the company's Managing Director who will be assisted by directors, Managers, senior officers etc.

The Managing Director will be closely assisted by well qualified professionals in the building materials industry, industrial management and operations. The company managers, heads of departments and operational staff for the production machines will be recruited for their competence, experience and good track record in their respective fields and in previous employments.

5.2 External Environment:

5.2.1 The market:

KUNG HEI COMPANY LIMITED is marketing policy aim at the following objectives:

- further penetration/ entrenchment into the market's main segments to increase and retain a larger market share
- Early investment cost recovery to enhance economic viability of the company's business and expedite its growth.
- Enhancing infrastructure, increasing security measures, and adopting advanced technologies are key areas for improvement.
- Enhance competitiveness in the logistics value chain, which includes improving the performance of the warehousing sector.

The policy will be hinged on continual conduction of market surveys as a way of establishing current warehouse situations and also as the means of enabling the company to develop marketing strategies which will facilitate achievement of set out sales goals, on monthly and annual basis. Surveys will enable the company to identify the potential technologies for the warehouses and plan strategies for its penetration.

5.2.1.1 Market Potential:

As explained in the topic above, the demand for modern warehouses is on the rise, while the consumer goods manufacturing sector is one of fastest growing sectors in the country, with new rise consumer goods industries and products every day, the sixth phase Government initiative of industrialization, construction of economic infrastructure such as standard gauge, improvement

of ports, fly over, etc. all these create the demand for modern warehouses in the country.

5.2.1.2 Competition:

KUNG HEI COMPANY LIMITED is expecting to face competition from existing warehouses which controls a sizeable market share in Tanzania, the company plan to increase market share by investing in best technology and machines to facilitate efficiency in production.

6.0 PROJECT OPERATING COSTS

In order to realize its intended objective, the project operating costs will vary in each phase based on total revenue.

7.0 REVENUE ASSUMPTIONS

- For the purpose of this project all revenue will come from warehouses constructed and rented out
- The annual revenue to grow by different percentages depending on market demand annually
- Revenue projections are based on experiences gained by the firm for being in the market for five years now.

**TANZANIA CHINA TRADE & TOURISM DEVELOPMENT
LIMITED COST STRUCTURE**

PARTICULAR	US\$
Land and Buildings	300,000.00
Machinery & Equipment	150,000.00
Motor Vehicles	20,000.00
Furniture & Fixtures	10,000.00
Pre exp	10,000.00
Others	10,000.00
Working Capital	500,000.00
TOTAL	1,000,000.00

PROJECTIONS

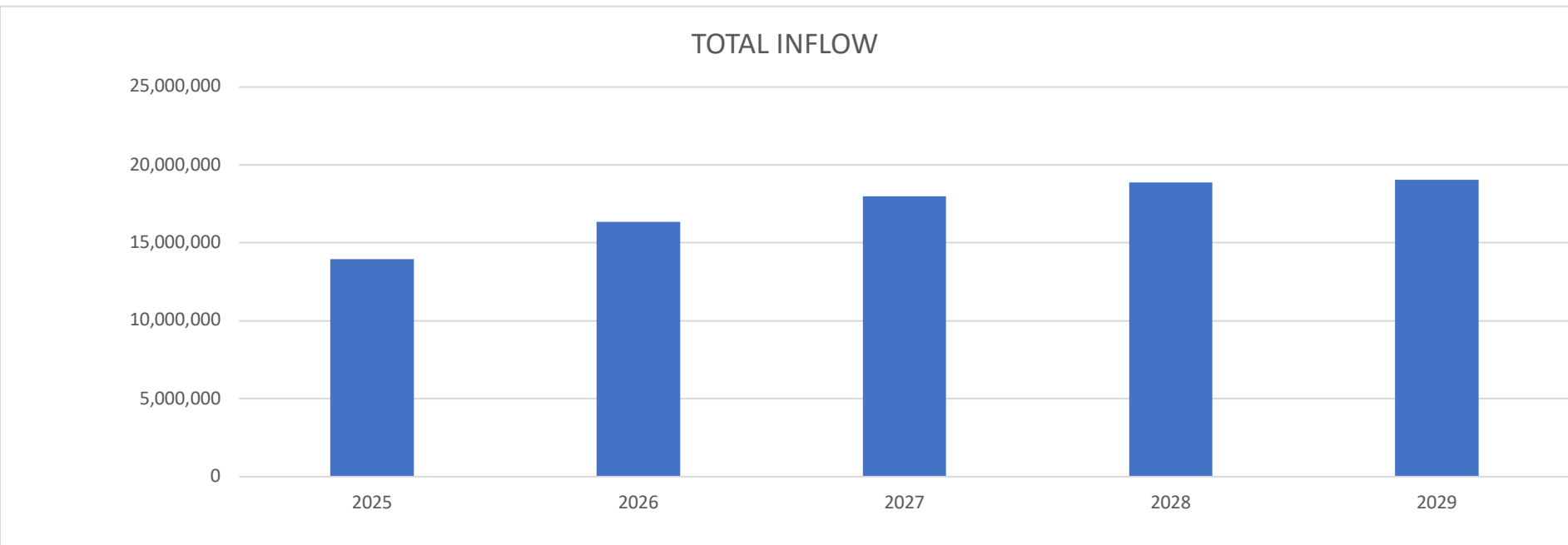
TANZANIA CHINA TRADE & TOURISM DEVELOPMENT LIMITED PROJECTED STATEMENT OF FINANCIAL POSITION FOR 5 YEARS FROM 2025 - 2028

	2025	2026	2027	2028	2029
DETAILS					
CURRENCY	USD	USD	USD	USD	USD
ASSETS					
NON-CURRENT ASSETS					
PPE	462,000	471,240	480,665	490,278	500,084
TOTAL NON-CURRENT ASSET	462,000	471,240	480,665	490,278	500,084
CURRENT ASSET					
Inventory	9,044,408	9,225,296	9,409,802	9,597,998	9,789,958
Trade Receivables	418,970	490,194	539,214	566,174	571,836
Working Capital	500,000	500,000	500,000	500,000	500,000
Cash and Cash Equivalent	315,600	315,916	316,232	316,548	316,864
TOTAL CURRENT ASSET	10,278,978	10,531,406	10,765,247	10,980,720	11,178,659
TOTAL ASSETS	10,740,978	11,002,646	11,245,912	11,470,998	11,678,742
EQUITY AND LIABILITIES					
EQUITY					
Share Capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Retained Earnings	2,799,133	915,226	1,658,207	2,699,346	2,797,018
TOTAL EQUITY	3,799,133	1,915,226	2,658,207	3,699,346	3,797,018
LIABILITIES					
Trade Payables	3,990,180	2,793,126	2,737,263	2,682,518	2,950,770
Other Payables	2,951,665	6,294,294	5,850,441	5,089,134	4,930,954

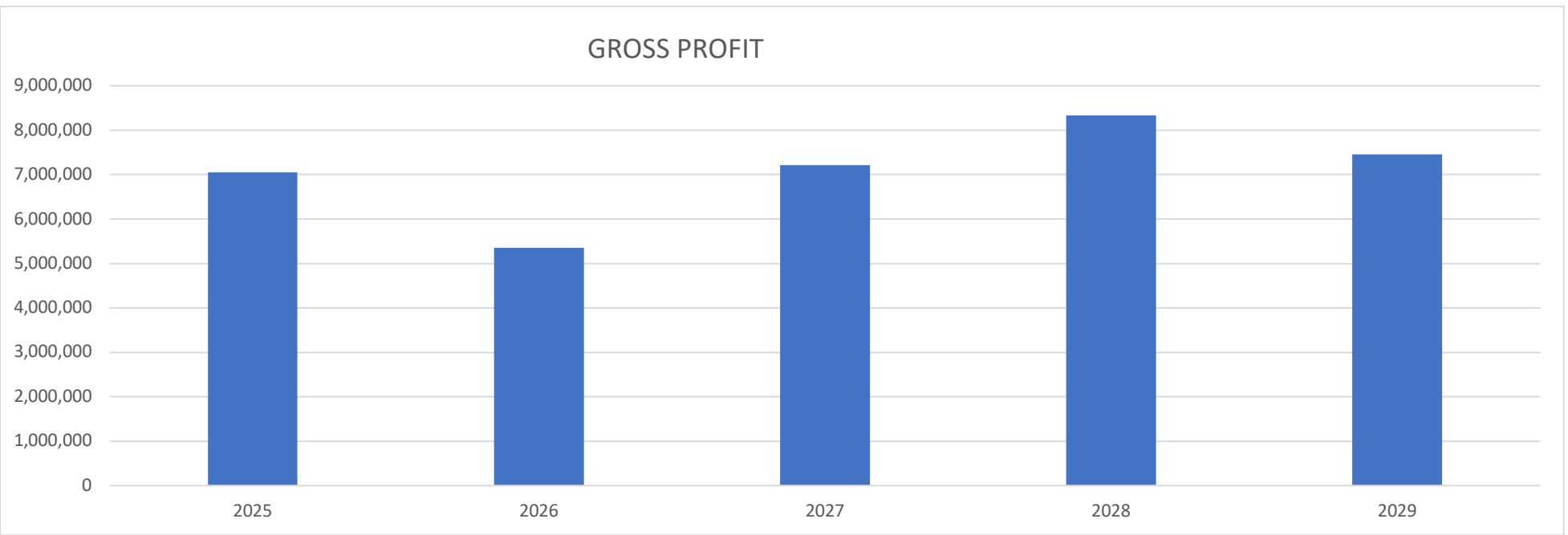
TOTAL LIABILITIES	6,941,845	9,087,420	8,587,705	7,771,652	7,881,724
TOTAL EQUITY AND LIABILITIES	10,740,978	11,002,646	11,245,912	11,470,998	11,678,742

	2025	2026	2027	2028	2029	TOTAL
DETAILS						
CURRENCY	USD	USD	USD	USD	USD	USD
SALES	13,965,650	16,339,811	17,973,792	18,872,481	19,061,206	86,212,939
TOTAL INFLOW	13,965,650	16,339,811	17,973,792	18,872,481	19,061,206	86,212,939
						0
COST OF SALES						0
Opening Inventory	0	9,044,408	9,225,296	9,409,802	9,597,998	37,277,504
Add: Production Cost	15,960,720	11,172,504	10,949,054	10,730,073	11,803,080	60,615,431
Less: Closing Inventory	(9,044,408)	(9,225,296)	(9,409,802)	(9,597,998)	(9,789,958)	(47,067,462)
	6,916,312	10,991,616	10,764,548	10,541,877	11,611,120	50,825,473
GROSS PROFIT	7,049,338	5,348,195	7,209,244	8,330,604	7,450,086	35,387,466
OPERATING EXPENSES						

Administration Expenses	2,793,130	2,737,267	2,792,013	2,736,172	2,681,449	13,740,032
Sales and Distribution Expenses	1,396,565	1,633,981	2,696,069	2,830,872	1,906,121	10,463,608
Finance Cost	42,510	43,360	44,227	45,112	46,014	221,224
Depreciation Expense	18,000	18,360	18,727	19,102	19,484	93,673
-	0	0	0	0	0	0
TOTAL OPERATING EXPENSES	4,250,205	4,432,969	5,551,036	5,631,258	4,653,068	24,518,536
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PROFIT FOR THE YEAR	2,799,133	915,226	1,658,207	2,699,346	2,797,018	10,868,931



Appendix



Cost of Raw Material Produced				
Particular	Units (TONES)/MONTH	Cost per Unit in USD per month	Total Cost of production in USD per month	Total Cost of production in USD Annually
BUILDING MATERIAL	500	2,660.12	1,330,060	15,960,720
Total Cost of Raw material produced		2,660.12	1,330,060.00	15,960,720

Closing stock

Labor Cost					
Particular	Rate per day per labor USD\$	Rate per month per labor in USD\$	No of Labors	Total Cost per month in USD\$	Total Cost Annually in USD\$
Foreign employees	141.06	3,667.66	100	366,765.96	4,401,191.49
Direct and Indirect Labors	65.22	1,695.65	500	847,825.97	10,173,911.69
					14,575,103.18

	Year 1
Particular	Amount in USD\$
Opening Stock	-
Add: Production Cost	15,960,720
Less: Cost of Sales	30,535,823
Closing Stock	9,044,408



Industrial warehouse interior with



8.0 CONCLUSION AND RECOMMENDATION

8.1 Conclusion

Modern warehouses in Tanzania is a crucial component of the country's logistics and supply chain infrastructure. With a large population and a diversified economy, there is a significant demand for warehouse and logistics operations to support both local and international businesses. The sector faces several challenges, including inadequate infrastructure, high rates of theft and burglary, and a lack of efficient warehouse management systems.

KUNG HEI COMPANY LIMITED is going to solve the current issues by ensuring efficiency and Optimization, Scalability. We will provide the capability to scale operations smoothly as demand grows, ensuring businesses can adapt to changing market conditions without significant disruptions.

8.2 Recommendation

We recommend moving forward with the warehouse construction project and securing the necessary funding and permits. This venture offers a compelling blend of market demand, financial sustainability, and long-term growth potential. With the right execution, it will become a cornerstone asset in the region's commercial infrastructure.