

# **BUSINESS PLAN FOR TANZANIA HUNAN AFRICA INVESTMENT COMPANY**

## **1.0 Executive Summary**

Tanzania Hunan Africa Investment Company Limited, incorporated under the laws of the United Republic of Tanzania with registration number 77960871-000-04-25-9, has an authorized share capital of TZS 1,300,000,000. Its registered office is situated at Plot No. 12, Block No. 10B, Mwai Kibaki Road, Kawe Ward, Kinondoni District, Dar es Salaam. Formed as a joint venture between Hunan Shaoshang Youth Innovation Technology Development Co., Ltd. of China (51%) and China Overseas Ruixi Holdings (Hong Kong) Limited (49%), the enterprise represents a partnership committed to advancing high-quality investment in Tanzania's hospitality sector. With a total investment of USD 1 million, the project seeks to develop and operate a mid-to-high-end business and boutique hotel in Dar es Salaam. It involves leasing and upgrading an existing property to create a 36-room facility featuring a restaurant, multifunctional conference hall, and modern amenities designed for comfort and efficiency.

Targeting business travelers, international tourists, and conference groups, the hotel will bridge the market gap between budget accommodations and high-end international brands. By combining professional management with cultural integration, it aims to establish a reputable and sustainable hospitality brand within Tanzania's growing service economy. This investment directly supports the national agenda of promoting tourism and foreign investment while contributing to employment creation, skills transfer, and cross-cultural cooperation under the framework of the Belt and Road Initiative.

## **2.0 Company Description**

**Business Name:** Tanzania Hunan Africa Investment Company Limited

**Legal Structure:** Private Company Limited by Shares

**Tax Identification Number:** 188-905-560

**Physical Address:** Plot No. 12, Block No. 10B, Mwai Kibaki Road, Kawe Ward, Kinondoni District, Dar es Salaam, Tanzania

**Directors:** Liu Yi and Chen Xiaoye.

**Mission Statement:** To create a modern, efficient, and culturally distinctive hospitality brand that provides quality accommodation and services while supporting Tanzania's tourism development and economic growth.

**Vision Statement:** To become a trusted bridge between China and Tanzania in the hospitality and service industries, fostering mutual development through professionalism, innovation, and sustainable growth.

**Core Values:** We are committed to integrity, innovation, sustainability, and excellence in all our operations.

### **3.0 Products and Services**

#### **3.1 Project Overview**

The project involves leasing and upgrading an existing property to develop a 36-room business and boutique hotel strategically located in the city's commercial or transport-accessible area. The facility will integrate accommodation, dining, and conference services, creating a comprehensive hospitality experience for both business and leisure guests.

The design concept emphasizes functionality, comfort, and cultural character — blending modern Chinese management standards with local Tanzanian aesthetics. The hotel aims to deliver professional service quality comparable to international brands while maintaining affordability within the mid-market range.

#### **3.2 Accommodation Services**

The hotel will offer approximately 36 guest rooms, including standard, deluxe, and suite categories. Each room will be equipped with modern amenities such as Wi-Fi, air conditioning, and smart access systems.

Target clients include:

**Business travelers** from multinational corporations and international organizations;

**Tourists** from Asia, Europe, and the Middle East seeking comfortable, well-located accommodation;

**Conference participants** and short-stay guests requiring professional meeting support.

**Room Revenue** accounts for about 75% of total income

#### **3.3 Food and Beverage Services**

A full-service restaurant and bar will operate on-site, offering both local and international cuisine. The restaurant will serve hotel guests as well as external customers, contributing an estimated 15% of total annual revenue.

### **3.4 Conference and Event Facilities**

The hotel will include a multi-purpose conference hall capable of hosting business meetings, workshops, and small-scale events. This segment is projected to contribute around 10% of annual income, supporting the growing demand for business and MICE (Meetings, Incentives, Conferences, and Exhibitions) services in Dar es Salaam.

### **3.5 Additional Services**

To enhance competitiveness and guest satisfaction, the hotel will offer supplementary services such as:

Airport pickup and transport arrangements;

Local travel and cultural experience packages;

Business center and secretarial services;

Laundry and room service;

Membership and long-stay programs.

### **3.6 Market Positioning and Value Proposition**

The project positions itself as a “business-efficient and culturally distinctive” hospitality brand. By combining high service standards, competitive pricing, and a blend of Chinese-Tanzanian cultural elements, the hotel aims to:

Fill the mid-range market gap between local budget hotels and expensive international chains;

Serve as a gateway platform for Chinese and international enterprises in Tanzania;

Promote cross-cultural exchange and sustainable local employment within the tourism industry.

## **4.0 Market Analysis**

### **4.1 Industry Overview**

The hospitality and tourism industry in Tanzania has experienced steady growth over the past decade, driven by a stable political environment, consistent GDP expansion, and increasing international arrivals. In 2024, the country received approximately 5.36 million visitors, generating around USD 4 billion in tourism revenue. Tourism now stands as one of Tanzania’s top foreign exchange earners and key employment sectors.

Dar es Salaam, the country's largest city and economic capital, serves as both a business and travel gateway, handling nearly 90% of the nation's import and export logistics. Its growing corporate presence and international connectivity have created sustained demand for quality accommodation, especially within the mid-to-high-end segment.

## **4.2 Market Demand**

The city's hotel market is supported by two primary drivers:

**Business and Conference Travel:** Corporate clients, expatriates, and international organizations account for over 40% of hotel occupancy in Dar es Salaam. The increasing frequency of regional meetings under EAC and SADC further fuels demand for conference-ready hotels.

**Tourism and Leisure Travel:** As the entry point to major destinations such as Zanzibar, Serengeti, and Kilimanjaro, Dar es Salaam also attracts a growing number of transit and short-stay tourists seeking comfortable, modern accommodation.

## **4.3 Market Gap and Competition**

While several international hotel brands operate in the city — including Hyatt Regency, Kempinski, and Sheraton — their room rates typically range between USD 150 and 200 per night, exceeding the budget of many mid-tier business and leisure travelers.

Conversely, local hotels often lack modern facilities and professional management, resulting in a gap in the USD 80–120 per night segment

This structural gap presents a strong opportunity for Tanzania Hunan Africa Investment Company Limited to position its hotel as a high-quality yet affordable alternative, offering international standards with localized service.

## **4.4 Target Market Segments**

The hotel's marketing strategy focuses on three core customer groups:

**Business Travelers:** Executives, engineers, and representatives from multinational companies, mining and logistics firms, and international organizations based in Tanzania.

**Tourists and Short-Stay Guests:** International and regional visitors seeking a comfortable and convenient base for leisure or transit.

**Conference and Group Clients:** Governmental bodies, trade associations, and business delegations requiring integrated accommodation and meeting facilities.

## **4.5 Competitive Advantage**

Key differentiators of the project include:

Prime Location: Easy access to business districts and transport routes;

Integrated Functionality: Combining accommodation, dining, and conference services under one roof;

Professional Management: Adopting Chinese operational discipline with local cultural integration;

Affordable Quality: Delivering international-standard service within a mid-market price range.

#### **4.6 Outlook**

With Tanzania's continued infrastructure investment and pro-tourism policies, the medium-term outlook for the hotel sector remains positive. The proposed project is expected to achieve steady occupancy growth, reaching 65–70% by its second year of operation.

#### **4.7 SWOT Analysis**

##### **Strengths:**

Located in Dar es Salaam, the project benefits from strong access to business and tourism markets. Its mid-market positioning bridges the gap between low-cost local hotels and expensive international brands. The lease-and-renovation model shortens development time and reduces risk, while a diversified revenue mix across rooms, dining, and conferences enhances stability. The joint venture combines Chinese investment and management expertise with local knowledge, ensuring efficient execution and compliance.

##### **Weaknesses**

The company currently relies on a single project, creating short-term financial concentration risk. As a new entrant, it must invest time and resources to build brand awareness in a competitive market. High upfront costs and the integration of a new international-local management team may cause temporary operational challenges during the startup phase.

##### **Opportunities**

Tanzania's tourism and business travel sectors continue to expand, supported by government incentives and economic growth. Cooperation under the Belt and Road Initiative provides a strong base of Chinese corporate clients. Once stabilized, the business model can be replicated in other key Tanzanian cities, strengthening regional brand presence.

##### **Threats**

Economic fluctuations, currency movements, or regulatory changes may increase operating costs and affect profitability. Competition from new

entrants could pressure room rates, while utility interruptions or infrastructure issues may impact service quality if not well managed.

## **5. Marketing Strategy**

### **5.1 Marketing Strategy**

The marketing approach focuses on establishing a recognizable and trusted hospitality brand in Dar es Salaam. The hotel will position itself as a business-efficient and culturally distinctive mid-range hotel, providing international service standards at competitive prices.

#### **Marketing efforts will combine online and offline channels:**

A professional website and social media presence (Booking, Expedia, TripAdvisor, and Chinese travel platforms) will enhance visibility among business and leisure travelers.

Partnerships will be established with travel agencies, multinational companies, and chambers of commerce, especially those linked to China-Tanzania cooperation projects.

Promotional packages and early booking discounts will be used during the soft-opening phase to achieve stable occupancy growth.

Local advertising through newspapers, radio, and community events will strengthen brand familiarity among residents and frequent travelers.

The goal is to achieve an occupancy rate of around 50% during the first year, increasing to 65–70% by the second year through improved brand recognition and word-of-mouth marketing.

### **5.2 Operations Management**

The hotel will adopt a direct management model with external professional advisory support. A General Manager will oversee daily operations, supported by department heads for Front Office, Housekeeping, Food & Beverage, Finance, and Marketing.

Operations will emphasize efficiency, safety, and service quality. The company will implement standard operating procedures (SOPs) aligned with international hospitality practices, with localized adjustments to suit Tanzanian cultural and regulatory contexts. Staff training will focus on customer service, hygiene, and operational discipline.

### **5.3 Human Resource Plan**

A “local-first, professional-guided” employment policy will be followed. Key managerial and technical positions will be initially supervised by experienced

Chinese professionals to ensure knowledge transfer, while the majority of operational roles will be filled by Tanzanian staff. Regular training programs and performance-based incentives will be introduced to enhance employee retention and service consistency.

#### 5.4 Customer Experience and Quality Control

Customer satisfaction will be central to the hotel’s brand. Feedback will be collected through digital surveys and online review platforms to monitor service quality. Guest experience standards will focus on cleanliness, safety, responsiveness, and value for money. Continuous improvements will be made through periodic management reviews and staff evaluations.

#### 5.5 Sustainability and Community Engagement

The project integrates sustainability principles by promoting **energy efficiency, waste reduction, and local sourcing**. The hotel plans to use solar backup systems and efficient water storage to mitigate utility disruptions. It will also support community employment and local suppliers, contributing to inclusive economic growth.

#### 5.6 Revenue Forecast and Sales Pipeline

The project is expected to reach an average occupancy rate of 65 – 70% by its second year of operation. Based on the current financial projections, the total investment of USD 1 million is estimated to be fully recovered within approximately 3.5 to 5 years. The project is projected to achieve a net profit margin of around 15.5%, indicating a solid level of profitability and long-term financial sustainability. With stable cash flow and continuous growth in occupancy and revenue, the investment demonstrates both economic viability and sustainable return potential in the Tanzanian hospitality market.

Item	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Total Investment (USD)	1000000	0	0	0	0	0	0
Operating Revenue (USD)	578350	1156700	1156700	0	0	1156700	1156700
Operating Costs (USD)	375000	750000	750000	750000	750000	750000	750000
Income Tax (USD)	61005	107010	107010	107010	107010	107010	107010
Net Profit (USD)	142345	249690	249690	249690	249690	249690	249690
Depreciation (USD)	0	50000	50000	50000	50000	50000	50000

Cash Flow (USD)	-951345	333345	333345	333345	333345	333345	333345
Cumulative Cash Flow (USD)	-951345	-617999	-284654	48692	382037	715382	1048727

## 6.0 Management and Organization

Tanzania Hunan Africa Investment Company Limited operates under a clear and transparent management structure designed to ensure professional governance and operational efficiency.

### 6.1 Organizational Structure

The company is a joint venture between Chinese and Hong Kong investors, with both shareholders contributing capital and governance expertise. Oversight is provided by a Board of Directors, responsible for strategic decisions, financial control, and annual business planning.

#### Board of Directors:

Liu Yi and Chen Xiaoye were appointed as the director of the Company. The Board of Directors collectively ensures that the Company adheres to sound management practices, effective risk control, and compliance with all statutory requirements under the Tanzania Companies Act. The Board meets periodically to review performance, approve budgets, and evaluate major operational and financial matters. The Board will be responsible for major strategic decisions, including investment approvals, financial oversight, and annual planning.

**Day-to-day operations** will be managed by a General Manager, reporting directly to the Board. The General Manager will oversee all operational departments to ensure smooth coordination and service quality. The key management departments will include:

**Front Office Department – customer service, reception, and reservations.**

**Housekeeping Department – cleanliness, room preparation, and hygiene control.**

**Food & Beverage Department – restaurant operations, menu design, and kitchen management.**

**Finance and Administration Department – accounting, budgeting, procurement, and compliance.**

**Sales and Marketing Department – promotion, partnership development, and customer relations.**



## **Human Resources Department – recruitment, training, and performance evaluation.**

Each department will be led by an experienced manager responsible for operational efficiency and adherence to the company’s standard operating procedures (SOPs).

### **6.2 Management Policy**

The management policy emphasizes transparency, efficiency, and professionalism. Key operational decisions will be reviewed by the General Manager and approved by the Board, ensuring proper checks and balances. Financial management will follow Tanzanian accounting standards, and independent external auditors will review annual reports.

### **6.3 Human Resource Strategy**

The company will implement a “local-first with expert guidance” employment policy. Senior management and technical experts from China will provide initial training and operational setup, while local Tanzanian employees will handle the majority of daily operations.

Continuous training will be provided to improve service standards and foster a long-term, skilled workforce. A performance-based incentive system will reward efficiency, customer satisfaction, and innovation.

### **6.4 Governance and Compliance**

The company will comply with all relevant Tanzanian corporate, labor, and tax laws. It will maintain proper registration with TIC, TRA, and the Business Registration and Licensing Agency (BRELA). Regular board meetings and management reviews will ensure alignment with both national regulations and internal corporate governance principles.

### **6.5 Organizational Objective**

The overall management objective is to establish a well-structured, disciplined, and responsive organization capable of maintaining high service quality while supporting sustainable business expansion. Through effective leadership, staff training, and clear accountability, the company aims to create a management culture that reflects both efficiency and integrity.

## **7.0 Financial Plan**

### **7.1 Assumptions & Financial Model**

Our financial model is built on conservative assumptions to provide a realistic forecast of the project's profitability and cash flow. All figures are in U.S. Dollars (USD) unless otherwise stated.

**Project Duration:** 3 months for upgrading.

**Operation:** leasing and upgrading an existing property to operate a 36-room mid-to-high-end business and boutique hotel

## 7.2 Financial Plan

**Startup Capital:** Total Capital Investment: 1,000,000 USD

### **Capital Allocation:**

**Equipment & Building Costs:** \$250,000 (25%) - This includes raw materials, machinery, and all structural and finishing works.

**Labour Costs:** \$10,200 (15%) - This covers all contracted and on-site labor.

**Other Costs:** \$738,000 (15%) - This includes fees for the joint venture and permits, architectural and engineering fees, marketing and sales expenses, and a contingency fund of approximately \$23,000 to cover unforeseen costs.

**Exit Strategy:** The company's primary exit strategy is through the long-term operation and reinvestment of hotel business profits which will be a key source of revenue to repay investors.

## 8.0 Operations and Risk Management

### **a) Operations Plan:**

Project Timeline (Projection):

Month 1-3: Land survey, architectural design finalization, and securing all necessary permits from local authorities.

Month 4-12: Foundation and structural upgrading (6-7 floors).

Month 13-18: Interior and exterior finishing, installation of utilities (plumbing, electrical), and amenities.

Month 19-21: Final inspections, obtaining occupancy permits, and commencing sales/leasing.

**Supply Chain:** We will establish relationships with reliable local suppliers for upgrading materials while also exploring partnerships with international suppliers for specialized fittings and fixtures to ensure high quality and timely delivery.

### **b) Risk Management Plan:**

#### **Financial Risk:**

**Risk:** Cost overruns beyond the budgeted amount of USD 5,000,000.

Mitigation: A 10% contingency fund has been allocated. We will also secure fixed-price contracts with key suppliers and contractors where possible to mitigate price volatility.

**Operational Risk:**

Risk: Delays in obtaining permits or upgrading timelines.

Mitigation: We have established a strong relationship with the local partner, who will assist with navigating the regulatory landscape. The project manager will be responsible for closely monitoring the timeline and addressing any potential delays proactively.

**Market Risk:**

Risk: Inability to sell or lease units at the projected prices.

Mitigation: A flexible pricing model will be in place, allowing for adjustments based on market feedback. We will also target both local and expatriate markets to diversify our sales efforts.