

CHINA STATE FARMS
AGRICUSINESS
(GROUP)
CORPORATION
(TANZANIA) LIMITED
BUSINESS PLAN
FOR
AGRIBUSINESS

SETTING UP FACILITIES FOR OPERATING AGRIBUSINESS PROJECT SERVICES

1. INVESTMENT PLAN

The Business Plan was prepared by CHINA STATE FARMS AGRIBUSINESS (GROUP) CORPORATION (TANZANIA) LIMITED for setting up of Agribusiness project to cover the whole of Tanzania.

The investment proposal was prepared to clearly show an analysis of the financial, human, technical and other resources required for the transportation and also assess its economic viability and commercial viability in order to allocate funds for the new implant of agriculture machinery that will be started this year.

The TIC certificate will enable the project to qualify for duty exemption Deemed capital Goods and VAT Deferment on capital goods. The deemed capital goods such as utility vehicles, machinery, spares, and tools that will be used to set up the implant and tax exemptions during the importation of some items from overseas.

2. COMPANY BACKGROUND

CHINA STATE FARMS AGRIBUSINESS (G) CORPORATION (TZ) LIMITED is a private Company based in Morogoro Region was incorporated in Tanzania by Registrar of companies under Companies Act with Certificate of incorporation No. 38543 since 2000.

The company has been incorporated with mainly agribusiness activities like growing of rice, soy beans, Corn, Broomcorn, production of sisal and food crops.

The company' s head office in located at Morogoro as Head Quarter.

The main purpose of the proposed project is to get more of incentives in

the new food crops that will be grown in the new project.

There is a very big demand for such facility in Tanzania, East Africa and Central Africa to serve as food crops and for the current certificate of incentives that is almost expiring, the company has decided to re-apply for a new certificate of incentives to cover the new project. The project services will be efficiently provided by China State Farms Agriculture (G) Corporation (Tanzania) Limited.

In setting up the facility, the intended agribusiness project will import new machinery, the spare parts of the machines like pointer sprinkler, oil immersed transformer, low voltage incoming cabinet, deep well submersible pump, pipe butt fusion machine, lightning arrester, cross arm and among others. Therefore, the estimated project would be an established program of three years is setting up facilities for transportation project is estimated to be Five hundred thousand USD (500,000USD). The estimated capital investment cost of TZSHS 1,305,600,000 /= will be on the new technology, machinery, acquiring of more land etc.

3. TARGETED MARKET

There is very big demand for the Agribusiness activities in Tanzania and the whole of Eastern and Central Africa especially land locked countries.

The target markets of the project are land locked neighboring countries such as DRC, Rwanda, Burundi, Uganda and Zambia. The directors have already negotiated contracts with various companies in the mentioned countries. The mentioned countries depend on Tanzania for most of reliable facilities of agribusiness for its position of being a country open to the to trade.

4. ECONOMIC GROWTH

The economic growth has influenced many companies from one region to another that have invested in the food crops to act as competitors in the fact that food crops are grown from many of the regions in Tanzania. This is

due to the growing of demand day by day and hence increased agribusiness in Tanzania.

5. CARGO TRANSPORTATION FACILITIES

- Cargo trucks.
- Coasters.
- Pick-ups.
- Cargo buses.
- Workshops equipment.
- Communication equipment.

6. THE COMPANY OBJECTIVES

The objective of China State Farms Agribusiness (Group) Corporation (Tanzania) Limited business in Tanzania Mainland is to expand to the whole of Eastern and Central Africa especially the land locked countries.

The mission of proposed project is basically aimed at agribusiness business and marketing/promotion of the agrobusiness in order to increase customers from Tanzania and neighboring countries due to the following objectives: -

- To carry on the business of farming in all aspects including the aspects of Rice, Corn, Soy Beans and Broomcorn as an additional sector into our agriculture business.
- To carry on the business of production of sisal, growers and producers to cultivate, grow, buy prepare for market sisal and food crops of all kind as well as vegetable, fruits, dairy or mineral produce and to dispose of, sell or deal in any such produce either in its raw or its manufactured or processed state, and to deal with, pack, can, import, export or otherwise preserve the same for market.
- To grow and cultivate and every sort of crop or produce of the soil and to carry on the business of buyers of every kind of vegetable, any such produce and to prepare, manufacture, or render marketable any

such produce and for such purposes to erect and work all such mills, machinery, dams' irrigation trenches, flumes and contrivances which may deemed necessary and to sell, dispose of, and deal in any either by wholesale or retail.

- To carry on the business of farming in all its branches (agricultural, horticultural, livestock, poultry, green house, orchards, etc.)
- To develop (human resources development) through on job training, use of modern vehicles and new technology applications.
- Income generation, alleviation of poverty and improvement of social welfare to employees such as shamba boys, famers, mechanics and other staff etc.
- The company contribution to the government revenue through taxes and other levies like corporate taxes, PAYE.

7. PLAN/PROSPECTS

- Smooth running of agribusiness business.
- For efficient and effectiveness in operation and increase agrobusiness to neighboring landlocked countries and hence resulting to addition prevailing local market.
- To increase more of food crops production using the new and modern technology.

8. SHAREHOLDERS (PROMOTERS)

CHINA STATE FARMS AGRIBUSINESS (GROUP) CORPORATION (TANZANIA) LIMITED is a project for agribusiness and the following are the shareholders/promoters: -

No.	Name of Shareholder	Nationality	Percentage
1.	Li Qinglin	Chinese	40%
2.	China Africa Agriculture Investment Company Limited	Chinese	60%

Therefore, the authorized capital of the company as per the beginning was Tshs100,000,000/= divided into 100,000/= ordinary shares of Tshs.1,000/=

each. The company shall have power to increase its capital and to divide the shares in its capital for the time being to classes of stock or shares and to attach thereto respectively such profits, special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the company.

9. LOCATION

The company business premises are located at Morogoro Region, Kilsoa district, Rudwa ward, Estate Street, Plot No:508, Block 57494.

10. COMPANY' S IMPLEMENTATION SCHEDULE

12.1 June-2025

- Preparing feasibility study for the agribusiness project.
- Registration of all necessary licenses from government institutions.
- Getting the certificate of incentives.

12.2 July-2025

- Application for import duty exemption on machinery, spare parts of the machines after being awarded certificate of incentives in the establishment programmer.

13.3 August-2025

- Recruiting new workers, establishment of a new plant, mechanics and other administration staff of more than 1000 employees.

11. CAPITAL INVESTMENT COST

No	Particulars	USD
1.	Land/ Building	100,000
2.	Plant/ Machinery	125,000
3.	Vehicles	50,000
4.	Furniture and fittings	10,000
5.	Pre-expenses	5,000
6.	Other expenses	10,000

7.	Working Capital	200,000
8.	Total	500,000

The intended agribusiness project is to be implemented within three (3) years. The company' s shareholders have resolved to register the transportation project under Tanzania Investment Center (TIC) for securing the certificate of incentives.

12. FINANCIAL PLAN (SOURCE OF FUNDS)

China State Farms Agribusiness (Group) Corporation (Tanzania) Limited has firmed up finances for the implementation programmed by its own fund and loan as follows: -

Particulars	USD
Own fund (Equity)	100,000.000
Local Loan	50,000.000
Foreign loan	350,000.000
Total	500,000.000

13. SUBMISSION

China State Farms Agribusiness (Group) Corporation (Tanzania) Limited submits the investment proposal and application to the Tanzania Investment Centre (TIC) for registration and award of certificate of incentives for the commencement of agribusiness projects.

The agribusiness project will soon commence after the company is registered by Tanzania Investment Center and being issued with the certificate of incentives. Thereafter, the company will import agriculture facilities, the certificate of incentives will enable the project to qualify for duty exemptions on capital/ deemed capital goods.

14. ECONOMIC GROWTH

The current economies growth which had been registered in Tanzania, as the result of investment, other businesses, like tourism, mining and others have attracted more investors as well as foreign investors. The economic growth with influence production of crops that will be used both external and internal.

15. COMPETITION/MARKET

Despite there being numbers of agribusiness companies, still the facility is not enough compared to the level of demand from the public both at the national and international level.

However, the intended agribusiness project will provide quality, quantitate of crops that will be grown.

16. ADVERTISEMENT

Advertisement which forms part of the marketing strategy, will be embarked upon national project shows like saba-saba and nane-nane that happen yearly, also through promoting school trips, agriculture institutions that will be provided with knowledge to the food crop growing, streets banners and later on in the televisions in a manner benefiting promotional role of any company of private institutions.

17. BUSINESS STRATEGY

In order to meet the current demand and high productivity, the management of the company will develop and implement additional strategy which will capture markets.

- Technology/ use of new machines.
- Advertisement/ promotion.
- Employment qualified and experienced drivers.
- Job training.
- Business discipline.

18. ENVIRONMENTAL ISSUE

The agribusiness and the whole project are environmentally friendly. The workshop activities, plantation activities and the cultivating process.

19. PROJECT MANAGEMENT

China State Farms Agribusiness (Group) Corporation (Tanzania) Limited being the agribusiness in its commencement will usher in the technology (transfer of knowledge/technology) by using modern skills and machines during workshop activities. The advantages to the country are quite significant and will get the advantage of value addition due to the incoming technology.

The proposed project will cause more people to be employed around Kilosa, knowledge acquiring, mechanic, security guards, accountants, managers and about 1000 local people will increase their income, improve their social welfare and pay taxes, it is poverty alleviation programmed to them.

20. CONCLUSION AND RECOMMENDATION

The financial evaluation of the agribusiness done so far in this project will be profitable both economically and financially viable venture. Also, there are many other benefits direct and indirect of this project.

The management being experienced businessmen possess sample managerial capabilities in various business disciplines. Based on the above factors, it is recommended that the company be granted certificate of incentives for the implementation of the transportation project so that the project will import and enjoy tax exemption on Capital/Deemed Goods and increase its production capacity.

21. FINANCIAL AND ECONOMIC ANALYSIS

Projected Profit and Loss Account

The company envisages generating a profit of USD \$ 250,000 this operating year. The profit amount is expected to steadily rise to USD \$ 260,000 in year two, USD \$ 270,000 in year three and USD \$ 280,000 in year four.

Projected cash flows

The projected cash flows for the next five years indicate that the company will have enough funds to service/repay the loan and interest payments. Hence the financial obligations will be met on timely.

22. SENSITIVITY ANALYSIS

To access further the viability of the implementation project sensitivity analysis has worked out on the basis of several unfavorable conditions that might affect negatively the operations of China State Farms Agribusiness (Group) Corporation (Tanzania) Limited.

24.1 Effect of cost increase on profitability (on the basis of year II Agribusiness Income in USD.

Income	Costs	Increase %	Profit Before Depreciation
760,000	500,000	%	260,000
760,000	525,000	5%	235,000
760,000	550,000	10%	210,000

24.1 Effect of Agribusiness Income

Decrease/drop on profitability (on the basis of year II costs in USD)

Income	Income Decrease	Costs	Profit Before Depreciation
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760,000	%	500,000	260,000
722,000	5%	500,000	222,000
684,000	10%	500,000	184,000

The viability/profitability of the company operations appears more sensitive to sales Income/revenue than increase in the operating costs. This implies that the company should strive to maintain the existing market and undertake an aggressive marketing strategy to hire more clients and expand its market or clients' base.

Appendix I

China State Farms Agribusiness (Group) Corporation (Tanzania) Limited Projected Income Statement

(Fig. USD '000')

INCOME	I	II	III	IV
Sales Income	720.0	760.0	800.0	850.0
Total Income	720.0	760.0	800.0	850.0
Utilities	150.0	150.0	150.0	150.0
Salaries and Wages	80.0	85.0	90.0	100.0
Transportation/fuel	100.0	105.0	110.0	120.0
Administrative Expenses	100.0	110.0	120.0	130.0
Other Expenses	40.0	50.0	60.0	70.0
Total Expenditure	470.0	500.0	530.0	570.0
Net Profit (Pre-Tax and Depreciation)	250.0	260.0	270.0	280.0

Appendix II**China State Farms Agribusiness (Group) Corporation (Tanzania) Limited****Projected Cashflow Statement****(Fig. USD \$ '000')**

Year	I	II	III	IV	V	Total
Cash inflow						
Income from operation	250.00	260.00	270.00	280.00	290.00	1,350.00
	250.00	260.00	270.00	280.00	290.00	1,350.00
Cash outflow						
Interest payments	50.00	45.00	40.00	35.00	30.00	200.00
Loan re-payment	50.00	50.00	50.00	50.00	50.00	250.00
Wear & tear	10.00	12.00	14.00	16.00	18.00	70.00
Taxes	10.00	10.00	10.00	10.00	10.00	50.00
	120.00	117.00	114.00	111.00	108.00	570.00
Surplus cash generated	130.00	143.00	156.00	169.00	182.00	780.00

Appendix III**China State Farms Agribusiness (Group) Corporation (Tanzania) Limited****Projected Long Term Loan Repayment****(Fig. USD '000')**

	Repayment			
Year	Principal	Interest	Total	Amount
I	50.0	45.0	100.0	450.0
II	50.0	40.0	95.0	400.0
III	50.0	35.0	90.0	350.0
IV	50.0	30.0	85.0	300.0
V	50.0	25.0	80.0	250.0
VI	50.0	20.0	75.0	200.0
VII	50.0	15.0	70.0	150.0
VIII	50.0	10.0	65.0	100.0
IX	50.0	5.0	60.0	50.0

X	50.0	0.0	55.0	0.0
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Appendix IV

China State Farms Agribusiness (Group) Corporation (Tanzania) Limited Projected Balanced Sheet

(Fig. in USD '000')

No.	Item	Year I	Year II	Year III	Year IV	Year V
	Source of funds					
1.	Shareholders' funds	100.00	150.00	200.00	250.00	350.00
2.	Long term Loan	100.00	95.00	90.00	85.00	80.00
3.	Associated Cos/Director	100.00	100.00	100.00	100.00	100.00
4.	Current Liabilities	400.00	350.00	300.00	250.00	100.00
		700.00	695.00	690.00	685.00	630.00
	Application of funds					
1.	Fixed Assets	300.00	300.00	300.00	300.00	300.00
2.	Current Assets	630.00	485.00	390.00	295.00	200.00
		930.00	785.00	690.00	595.00	500.00

