

BUSINESS PLAN
MEET NIGHT JAPANESE RESTAURANT



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EXECUTIVE SUMMARY

We want to be a center of real and Authentic Japanese food for Japanese people who live in China. We will provide Japanese food with real Japanese authentic test by using Japanese Chef, Japanese raw material, and Japanese cooking process.

MEET NIGHT is a deep night restaurant offering authentic Japanese homemade dishes. The restaurant is located in the Japanese community of Changning District, Shanghai. All meals are cooked by Japanese chefs who represent the most traditional and authentic Japanese flavor.

We offer Japanese-style food, Japanese sake and other soft drinks, and all our chefs are Japanese. At the same time, we also provide a quiet, private, non-gossip and safe eating space. In addition, we also offer 24-hour outdoor courtyard lounge for customers who are not willing to go home.

Our target market is focused on the Japanese who live in Shanghai and the local often overtime young people, which is a pretty big market based in Shanghai, Chinese largest city. In the deep night period, we just have a few competitors.

We will use a strict system to ensure the safety of production, while improve the service skills of the waiters and customer satisfaction with training and rational marketing mix.

We cannot be profitable in the first year, but in the second year, our net profit will be more than ¥ 250,000. From the second year, the annual profit growth more than 7%. In the third year, our net profit will reach ¥ 549,464.

1. VISION/MISSION STATEMENT AND GOALS

1.1 Vision Statement

We want to be a center of real and Authentic Japanese food for Japanese people who live in China.

1.2 Mission Statement

We will provide Japanese food with real Japanese authentic test by using Japanese Chef, Japanese raw material, and Japanese cooking process.

2.3 Goals and Objectives

2.3.1 Goal

Our goal is to become the most authentic Japanese restaurant in Shanghai, based on this goal, we have the following initiatives:

- To become a center of real Japanese food for Japanese people who live in China by having 30 stores in all provinces of China by the year 2030.
- We offer late-night dining for 200,000 people by the year 2025.
- Set up Japanese food training schools to produce authentic Japanese food culture and train more chefs.

2.3.2 Objectives

- Become a recommended restaurant for the Japanese Consulate in Shanghai.
- Have 3 stores within the year 2020.
- Advertise at least 10 Japanese traveling magazines or traveling websites by the year 2018.
- Make break-even in second year.
- Daily turnover remained at ¥7,000.

2.4 Keys to Success

The key to success of MEET NIGHT are:

- **Japanese chef team.** MEET NIGHT wants to be a Japanese restaurant that is truly accepted by the Japanese, so the authentic Japanese chefs are the most important resource for our company. We can use the remuneration, equity and other tools to maintain the stability of the chef team, which also ensures the quality of food.
- **Quality raw materials and Japanese sake.** If you lack high quality raw materials and Japanese sake, even if we have some very good chefs, we cannot cook a real taste of Japan as well. We need to maintain a stable relationship with our supplier partners. In the premise of ensuring quality control procurement costs, while maintaining a stable supply.
- **Keep a good relationship with the media.** As a new restaurant, in a highly competitive market, we need the power of the media. Whether it is a traditional media show, or well-known opinion leaders from the self-media and social media, they are our very important partners.
- **Cost control and financial analysis.** The restaurant is a relatively high gross margin but relatively low net profit margin. Since many of the raw materials must be kept fresh, inventory management and waste management are important. For the material forecasting, procurement, transportation and preservation will greatly affect the financial performance of the restaurant. The same, regular financial analysis can help us to identify the current management problems, the proportion of various types of costs and changes in the turnover of each month to help us to adjust the strategic planning.

2. COMPANY SUMMARY



Figure 3- 1 MEET NIGHT Logo

2.1 Company Background

2017, MEET NIGHT was founded by Mr. Jun Lu and Ms. Jing Zhang in Shanghai. This is the new Japanese restaurant which operate until 3 a.m. in Shanghai. MEET NIGHT offers dinner and supper for all the Japanese people who work in Shanghai and Chinese young people who love pure and authentic Japanese food. We provide the freshest raw materials and the Japanese traditional cooking process and technology to provide our customers with authentic Japanese flavor. At the same time, we also offer more than 20 Japanese sake and 24-hour open semi-outdoor lounge. When the restaurant is closed, customers can continue drinking in the semi-outdoor lounge until they want to leave.

MEET NIGHT is an advocate of Japanese night eating culture, but also the builders of warm society. We know the tired of the workers to work overtime until deep night, we understand the troubles of insomnia cannot sleep, we understand the cowardly when everyone faces misfortune, we also understand the lovelorn need alcohol to release negative emotions. In MEET NIGHT, whether you are crying or silent, drunk or sober,

nobody will disturb you. If you want to talk, every employee is willing to listen to your story in any time. Come to MEET NIGHT, you are safe and free soul.

2.2 Resources, Facilities and Equipment

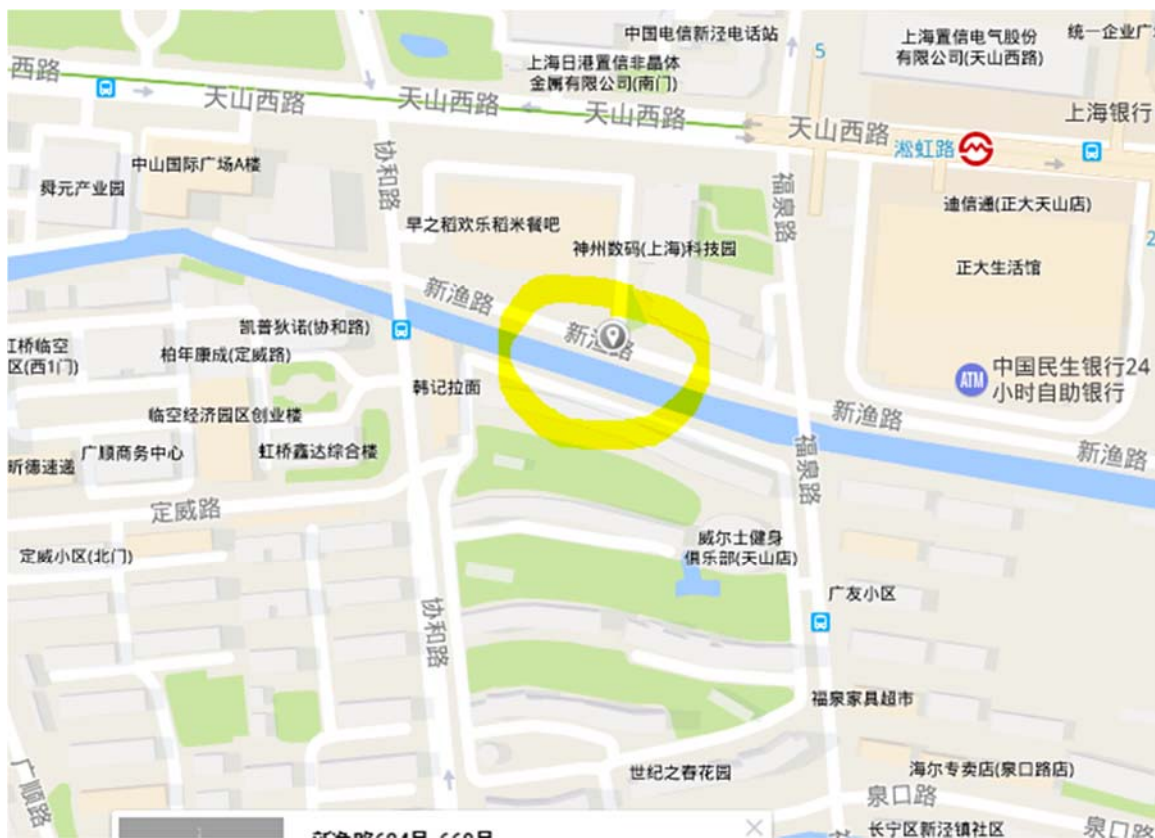


Figure 3- 2 MEET NIGHT Location

Restaurant Address: No. 624, Xinyu Road, Changning District, Shanghai.

Restaurant Area:

Indoor part (including kitchen): 120 m²

Outdoor part: 40 m²

Annual rent: ¥460,800; Rents rise 10% a year.

Contract period: 5 years.

One year before the expiration of the automatic renewal.

Rent paid once a year.

MEET NIGHT rented a yard with a total area of 160 square meters (including 40 square meters of outdoor) in Xinyu Road. This place is close to Metro Line 2 Songhong Road Station and is very close to Hongqiao airport Business District and Japanese Consulate. The Hongqiao airport business district is a gathering place for Japanese companies and many Japanese people live around there. We can not provide parking spaces directly, but there are plenty of parking spaces available in many business buildings around there at night.

In addition, human resource is another very important company assets. We are committed to providing authentic Japanese food for all our customers, so our chefs are all Japanese. They will use the traditional Japanese cooking methods for our customers to provide Japanese-style food.

2.3 Marketing Methods

Our target market is the Japanese who work in Shanghai and the Chinese young people who like the authentic Japanese food. In the Chinese young people, we are particularly focused on people who work overtime late into the night, lovelorn people, insomniacs and people who like night activities.

In the Meal part, the average price of each meal is between ¥50, we need to ensure that we sell 1944 units per month during stable operate period. The price of Japanese sake is between ¥65/ 300ml; we need to ensure that we sell 1382 units per month during stable operate period. In the beverage part, each soda drink price of ¥ 17, we need to ensure that we sell 1238 units per month during stable operate period. In this way, the monthly turnover is ¥208,125, based on 365 business days a year, the annual turnover of ¥2,497,500.

We will try to work closely with the Japanese consulate to undertake some official offline activities, such as becoming a Japanese restaurant catering provider in the Japanese consulate's foreign affairs activities to undertake food services, which will help our brand be concerned by the Japanese who live in China. At the same time, we will actively maintain close communication and good relationship with the media. We welcome the traditional media gourmet program to come to interview and try to eat. Through the media

to help our brand be spread. In addition, we also welcome and well-known cooperation from the self-media and new media. With the rapid spread of social media to allow more young people in Shanghai to see and understand our brand and food culture.

In the early days of entrepreneurship, we will take advantage of the Shanghai Free Trade Area. For different categories, we will develop different raw material standards, and within six months to determine our core suppliers and backup suppliers, and choose a different cooperation strategy. As our core supplier, they need to ensure that the quality of our raw materials always meet our requirements, adequate inventory and timely transport, while long-term procurement contracts as much as possible to reduce procurement costs. In the event of raw material quality is not up to standard or temporary shortage immediately trigger the penalty terms. For spare suppliers, we are willing to give them a higher purchasing budget, but they must be given priority to us when we need it. This ensures that the backup supplier can help us solve the problem when the core supplier can not meet our purchasing needs.

MEET NIGHT's feature is not expensive, but the warmth of civilian food, so most of our raw materials are parity.

In the process of kitchen production, beyond some unnecessary waste and no longer fresh raw materials, the cost is only water and electricity and some condiments consumption, and cooking depreciation. This part of the cost is not too much. In the future, we will gradually expand to other city, based on several restaurant, we will start to use the central kitchen, specific standards and accounting of different raw materials and condiments, it will greatly increase the cook process of standardization, but also to control the cost of more stringent.

2.4 Management and Organization

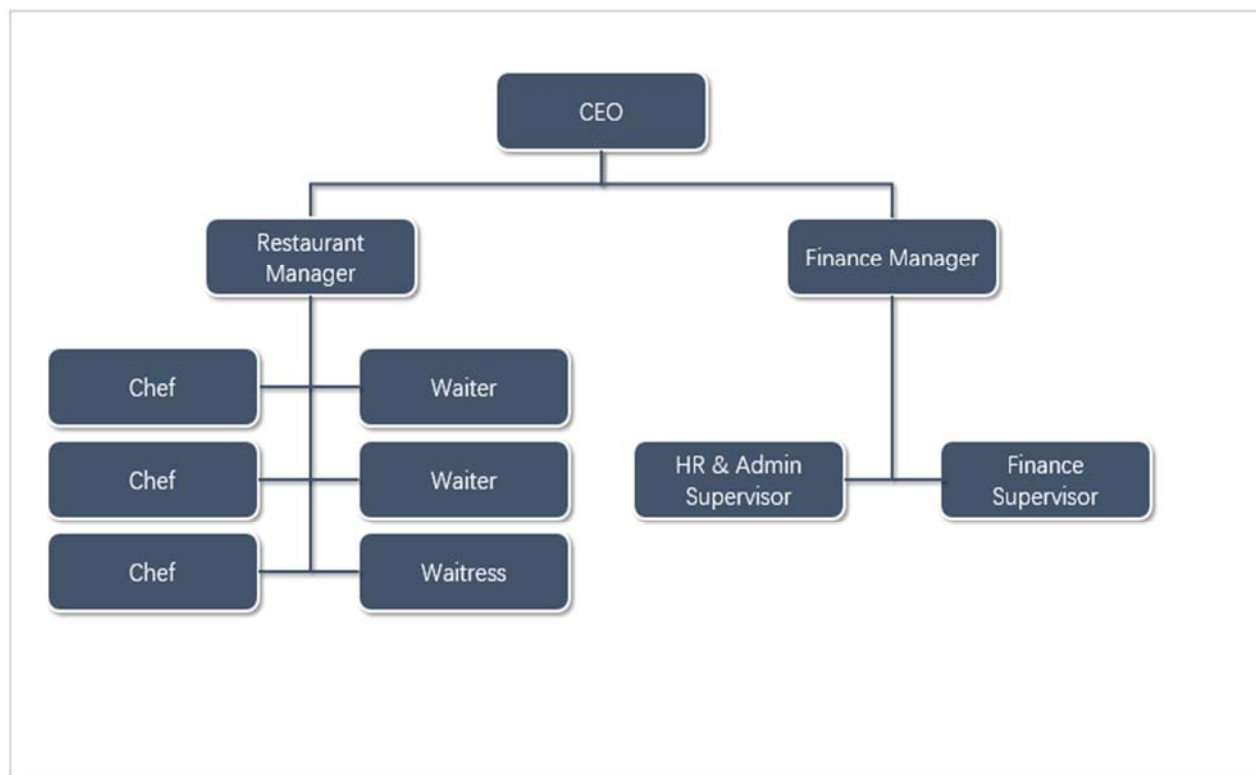


Figure 3- 3 MEET NIGHT Organization Structure Chart

The company's main management team has three persons, namely CEO, restaurant manager and financial manager.

CEO will coordinate and manage the whole organization to solve the major problems of the company. He will be responsible for the company's development strategy and direction, as well as a focus on marketing and public relations.

The **restaurant manager** is responsible for the daily operation of the restaurant. He manages the kitchen staffs and all the waiters. The restaurant manager needs to complete the weekly chefs and waiters work scheduling and check the working status and performance of the chefs and waiters. In addition, he also needs to make the enterprise culture propaganda and training for them. At the same time, he should deal with customer complaints, resolve customer doubts to ensure the normal operation of the restaurant.

Chef team is responsible for cooking food, in order to ensure that the basis of the taste to reduce unnecessary costs. The **waiters team** is responsible for the customer's ordering and checkout, passing the food and alcoholic drinks.

The **financial manager** is responsible for the company's financial analysis and cost control, procurement planning and implementation, recruitment and other administrative matters. The finance manager will be responsible for all the support staff's work arrangements and assess their performance. She will focus on financial management, financial analysis and cost control. According to the financial statements to find some of the company's existing problems and timely communication with CEO and restaurant managers. In addition, the finance manager will work with the HR & Admin supervisor to determine the salary standards for each position and to ensure the recruitment of staff.

The **financial supervisor** is responsible for the basic financial management, including bank accounts, loans and cash management, daily income management and related finance statements. He also has to deal with the company's tax in accordance with Chinese law.

The main responsibilities of **HR & Admin supervisor** are responsible for the recruitment of staff, the monthly payroll calculation and payment, the new employee's salary negotiation and preparation. He needs to be able to speak Japanese and be familiar with the local labor market and related policies and regulations in Shanghai. In addition, he also needs to take on the functions of procurement, he will be responsible for the weekly purchasing plan and arrangement. His work includes the management and selection of suppliers, ordering and shipping arrangements, contract negotiations with suppliers and contract maintenance, etc.. He needs to ensure that the daily raw materials can meet the daily operation of the restaurant, and the procurement cost control at a low level.

In addition, we have two external consultants who will provide some solutions to the company's operational difficulties when necessary. They are senior business lawyers, Ms. Wuxia Zhang, and Ms. Yuanyuan Zhou, Vice President of Shanghai Restaurant Association. They will provide some suggestions and comments in their respective areas to help our company's development.

Table 3- 1 Position and Educational background of Team members

Position	Name	Education
CEO	Mr. Jun Lu	Bachelor of Human Resource Management in Shanghai Jiao Tong University Master of Business Administrative in Stamford International University
Restaurant Manager	Mr. Jiaqi Sun	Bachelor of Supply Chain Management in Zhejiang University
Finance Manager	Ms.Jing Zhang	Bachelor of Finance Management in Chongqing University of Techlogy Master of Business Administrative in University of Boston
Finance Supervisor	MS.Xiaojia Song	Bachelor of Finance Management In Dong Hua University
HR & Admin Supervisor	Ms.Dongyan Hua	Bachelor of Japanses In Shanghai University

Key player in the orgnization:

Mr. Jun Lu served in Chinese largest hotel management lawsuit, Home Inn group. He has 4 years of work experience in the field of human resources, but also he has some research and achievements in the field of marketing. As founder of this company, this is the first time Mr. Lu service in a business as a CEO.

Ms. Jing Zhang is a senior finance manager with a Chinese Certified Public Accountant license and US Certified Public Accountant license. She is very familiar with Chinese financial regulations and policies. She served in a large real estate group the Wharf as a

financial manager. In the field of corporate finance governance, Ms. Zhang has five years experience. At the same time, Ms. Zhang is the co-founder of the company also, she will lead the financial team in MEET NIGHT.

Mr. Jiaqi Sun is a very experienced restaurant management expert. He has served McDonald's as duty manager and restaurant manager for many years. In the field of restaurant management, Mr. Sun has a wealth of experience and contacts. Mr. Sun is a key player in our operational sequence.

2.5 Ownership Structure

MEET NIGHT brand will be registered as a limited liability company in China. Registered name is 米奈餐饮有限公司。 Limited liability company, also known as limited company. According to the relevant provisions of the Regulations on the Companies Registration of the People's Republic of China, a limited liability company needs to be registered in the administration bureau for industry and commerce and set up by no more than 50 shareholders. Each shareholder shall bear the limited liability for the Company's capital contribution, The company with its entire assets to its debt responsibility for economic organizations. (Congress, 2005)

MEET NIGHT has two shareholders, namely Mr. Jun Lu and Ms. Jing Zhang, who invested 60% and 40% respectively.

After obtaining the business license, we will apply for food hygiene license to the Shanghai Health Service Commission in accordance with the Food Safety Law of the People's Republic of China and require all chefs and waiters to obtain medical certificate for food production practitioners. When the decorate of restaurant has been completed we will apply to the Fire Bureau in Changning District for fire inspection and obtain a fire safety permit.

2.6 Social Responsibility

We are very willing to take on the necessary social responsibility, not only in protecting the environment and preventing pollution, but also we want to take the initiative to help some people and help the community to develop. In the case of kitchen waste and pollution,

we will strictly abide by the relevant provisions of the state and Shanghai, to minimize the pollution and community additional burden caused by our business. At the same time we are very happy to participate in community activities, are willing to provide some of the community activities of the basic catering services, especially to promote the relationship between China and Japan activities, we hope that we can use Japanese food to resolve conflicts and misunderstandings, reduce hatred and opposition.

In addition, we have the intention to cooperate with the municipal departments to launch a project called "Dawn Plan". Our chef will cook all of the rest raw materials before they get off work and place them into our outdoor incubator. The road cleaners in Changning District who work in the morning can be used when they needed. We hope MEET NIGHT is a light, can give the city a little more warm.

2.7 Internal Analysis

Table 3- 2 SWOT Analysis

Strengths	Weakness
<ul style="list-style-type: none"> a. All Japanese chef team ensures that food is the most authentic Japanese taste and home flavor. b. We provide more than 20 kinds of Japanese sake with their meals. c. We are open until 3 a.m. and we just have very few competitors in the deep night. d. We only choose the best quality raw materials and import through the Shanghai Free Trade Area. e. Good location advantages. 	<ul style="list-style-type: none"> a. Higher operating costs. b. The new restaurant always lacks customers at the beginning of business.
Opportunity	Threat
<ul style="list-style-type: none"> a. Most of the Japanese in Shanghai live in Changning District. b. Employees work overtime is very often who work in the Hongqiao airport business district. c. Japanese culture is very popular among Chinese young people. d. Many people are used to working at night. 	<ul style="list-style-type: none"> a. Highly competitive market. b. Japanese chef recruitment may be difficult. c. Business model is easy to imitate.

Strengths

- a. Our chefs are Japanese people living in Shanghai, especially Japanese mothers who come to China with their children. They represent the most traditional cooking processes and techniques of Japanese homemade taste. At the same time, for Chinese

young people, they can eat the most authentic Japanese food, rather than other Japanese restaurants called "improved version".

- b. Our purchasing staff through the depth of the market survey, to understand the various regions of Japan's sake preferences. Then we determine the purchase contract with the local exporters. We offer more than 20 kinds of sake for all customers, sake type more than other competitors.
- c. Restaurants are very competitive in Shanghai, but most of them are closed before 21 o'clock. Our business hours are longer and we have less competitors in the second half of the business hours. Second, workers overtime to 10:00 or even 0:00 are not uncommon in Shanghai.
- d. Our restaurant is located in the Hongqiao Airport business district, almost most of the Japanese who living in Shanghai living there or around. At the same time, the business district has a large number of Internet companies and start-up companies, these companies are the most serious overtime companies. This will greatly help us to approach our target customers.

Weakness

- a. Compared with the same type of Japanese restaurant, our operating costs are higher than them. These costs include the wages of Japanese chefs, more types of sake, more energy generated cause by longer hours, the maintenance cost of 24 hours of open half-outdoor lounges and the cost cause by social responsibility.
- b. At the beginning of the opening, we may not be able to attract enough customers, many customers do not know the restaurant and the lack of motivation to try. This will bring additional pressure when we start to operate.

Opportunity

- a. Japan's Ministry of foreign affairs statistics, Japan has the largest non-Japanese city is Los Angeles, there are 71,400 Japanese living there. Shanghai ranked second, with a total of 57,400 Japanese living in Shanghai. (Ge & Yu, 2013)
- b. By the Shanghai Academy of Social Sciences in 2016 the city of "employment" people's livelihood survey report released survey shows that 57.6% of the employees

were working more than forty hours, "foreign-funded enterprises" overtime phenomenon is most common. Overtime and overtime compensation mentality. (Cao , 2016)

- c. Among Chinese young people, Japanese culture is very popular. There was a very popular Japanese comic book called 深夜食堂 (English name Midnight Diner), which was later adapted into a movie, in China there are many book fans and movie fans.
- d. Shanghai is a city that is never sleep. No matter how late it is, there are always some people awake in this city. Some are columnists who are used to writing at night; some are workaholics often working late until deep night; some have just fallen out of love; some people simply wake up to explore the city's night because they have been lain in bed for 3 hours still cannot sleep..... Everyone has their own reasons and stories, and we are willing to serve them until late at night.

Threat

- a. In Shanghai, the competition between restaurants is very intense. Chinese largest consumer comment site dianping.com released statistical reports, as of March 2014, the total number of restaurants in Shanghai is 89,351. (Dianping.com, 2014)
- b. Due to the Japanese mothers live in Shanghai are relatively few, and we ask them to work at night, this may bring some difficulties to our chef recruitment.
- c. Our overall business model is relatively simple, easy to be imitated by other competitors.

3. PRODUCTS AND SERVICES

3.1 Our Product and Facilities

Our business hours are divided into two parts, namely 17:00 to 22:00 dinner hours and 22:00 to 3:00 supper hours. In different business hours, we will provide different menus.

During dinner hour, we offer Rice, Japanese Dishes, Fried Fishes, Broiled Dishes. But during the supper hours, we only offer Rice and Japanese dishes. This is because Fried fishes and broiled dishes will give the body extra and burden at night.

Table 4- 1 The Menu of MEET NIGHT

Rice	Cat rice
	Plum tea rice
	Button rice
	Pork rice
	Broiled river eel rice
Japanese's dishes	Miso soup
	Red sausage
	Cuttlefish with Codfish Roe
	Stir Vegetable
	Tuna Sashimi with Fermented Soybeans
	Stewed Head of Red Snapper
	Stewed Assorted Seasonal Vegetables
	Steamed Egg Custard
Fried Fish	Fried Chicken
	Fried Tofu
	Fried Shrimps
	Assorted Deed Fried Items
	Prawn tempura
Broiled Dishes	Broiled chicken leg with sauce
	Grilled Smelts
	Grilled head of salmon
	Broiled Cuttlefish
	Broiled eggplant with condiments

On the basis of providing authentic food, we also offer more than 20 varieties of Japanese sake. They come from different producing areas in Japan, but they are all popular with the local favorite sake brand. Which is not only suitable for the drink of the low alcohol of the sake, there are suitable for women to drink the wine, there are drunk for the customers of the strong sake. when our restaurant is closed, if the customer does not want to go home,

they can pre-order enough sake and go to our courtyard lounge. We offer 24 hours of open semi-outdoor lounge for all customers while providing the right lighting and music.

3.2 Our Service

Every day we have two Japanese chefs to provide authentic Japanese cuisine for our customers. They are Japanese mothers, their children come to work in Shanghai, so they follow their children to Shanghai to settle down. They use the most traditional Japanese cooking techniques and authentic Japanese flavors to soothe the hearts of every customer. For all the Japanese young people who came to work in Shanghai, they came to MEET NIGHT, as if they had returned to their old house, where each dish was in line with the taste of their memory.

We know that young people working hard in Shanghai are under great pressure all the time. Their pressure comes from the workplace, family, cost of living, love and their dreams. Every man who is still wandering on the street in the middle of the night has his own story and unspeakable stress. So, some people buy drunk, some people cry, some people are silent, some people eager to talk. We all know this, so in MEET NIGHT, no one will wonder why he was eating at the corner with tears, no one would be curious about the drunk girl who went through nothing, and no one would use a strange look at a silent people who always order same meals every day. Our waiters except delivery meals, we hope they can become a good audience with smile when our customers have the desire to talk with someone. Our customers do not need to suggest, even they do not need comfort, they are just looking for an export for negative emotions, and MEET NIGHT wants to be the export of all customer's negative emotions. They come with pressure and they come back with healing.

4. MARKET ASSESSMENT

4.1 Examining the General Market

Shanghai is Chinese largest city, according to the Shanghai Municipal Bureau of Statistics released the report shows that by the end of 2015, Shanghai's population is 24.1527 million. (He, 2016) According to statistics in 2015, Shanghai is the largest youth labor net inflow city, a large number of non-Shanghai household registration of young workers come Shanghai and look for the future opportunities. (Lin, 2016) In addition, Shanghai is the highest proportion of the Japanese settlement city, more than 57,000 Japanese settled in Shanghai. This is why we chose to start our business in Shanghai.

Chinese largest consumer comment site dianping.com released statistical reports, as of March 2014, the total number of restaurants in Shanghai is 89,351. (Dianping.com, 2014) I personally consulted Dianping.com's data, there are nearly two thousand Japanese restaurants in Shanghai, most of the Japanese restaurant positioning is relatively high, they generally provide high-end ingredients. Parity Japanese restaurants include Japanese Ramen, Japanese barbecues and Japanese- light meals. Most Japanese restaurants are profitable.

4.1.1 PEST Analysis

Table 5- 1 PEST Analysis of MEET NIGHT

Category	Positive/ Negative		Impact Power
Political	Positive	1. After the completion of the reform of the tax system in Chinese catering industry, the restaurant's tax pressure greatly reduced. Taxable sales of 5 million yuan (including) the following is a small-scale taxpayer of VAT, after May 1, 2016, a comprehensive collection of this part of the catering business tax rate from 5% to 3%. (Han, 2016)	High
		2. After the establishment of a free trade zone in Shanghai, the cost of imported Japanese raw materials will be reduced. For restaurant operators, the procurement cost of quality raw materials is lower.	High
		3. Shanghai Banking Association introduced policies to encourage banks to small business loans for small and micro enterprises to provide lower loan threshold and interest rates.	Low
	Negative	1. the relationship between Chinese government and Japanese government is unstable, and it is easy to cause civil hatred of Japanese culture. (such as the tense situation of the Diaoyu Islands Dispute)	Low
		2. Shanghai is the area which has the most stringent food safety law in China. (Chen, 2016)	Low
Economic	Positive	1. Shanghai per capita disposable income of more than 50 thousand yuan, an increase of 8.5% over last year. Per capita consumption expenditure of more than 30 thousand yuan. Two data are ranked first in the country. (Gov, 2017)	Med
		2. The enterprises in Hongqiao are mostly high-tech industry and modern service industry. Employees' income is high.	Low
		3. Shanghai minimum wage of ¥2300, the highest in the country, rising for 7 consecutive years, (Li, 2017)	Low
	Negative	1. High rent in Hongqiao area.	High
Social	Positive	1. Japan's Ministry of foreign affairs statistics, Japan has the largest non-Japanese city is Los Angeles, there are 71400 Japanese living there. Shanghai ranked second, with a total of 57400 Japanese living in Shanghai. (Ge & Yu, 2013)	Med
		2. By the Shanghai Academy of Social Sciences in 2016 the city of "employment" people's livelihood survey report released survey shows that 57.6% of the employees	Low

		were working more than forty hours, "foreign-funded enterprises" overtime phenomenon is most common. Overtime and overtime compensation mentality. (Cao , 2016)	
		3. Many young people like eat in the night and nightlife is popular in Hongqiao area	Med
		4. Young people affected by the Japanese culture, such as animation and drama.....	Low
	Negative	1. Household registration policy to limit the labor force flow into Shanghai	Low
		2. According to the statistics from Dianping.com that is Chinese largest consumer reviews website, in Shanghai, a total of 1922 Japanese restaurants are included in this site, which is a highly competitive market.	High
		3. The importance of health, will be reduced to eat in the night and greasy food	Med

Technological	Positive	1. Fast and convenient transportation equipment and technology to keep fresh raw materials	Low
		2. Promotion in social media	Low

4.1.2 5 Force Analysis



Figure 5- 1 MEET NIGHT 5 Force Analysis

- **Bargaining Power of suppliers:**

For our restaurants, our suppliers are the companies that sell raw materials to us, including vegetables, fish, meat and rice etc., as well as the maintenance of our various types of restaurant equipment. Our basic principle of raw material procurement is to ensure the quality of the premise to ensure control costs. We are not large customer for the suppliers, because of our limited purchase, so the various suppliers of our quotations will not be much difference, and we also have a lot of choices. This means that the cost of replacing our suppliers is relatively low, and we are more likely to gain an advantage in negotiating with suppliers, so the impact of raw material suppliers on us is relatively small.

For the maintenance of each facility of the restaurant, the manufacturer will provide warranty and maintenance service during the shelf life of the equipment. When the warranty expires, we will choose a better reputation for our suppliers to provide services, even if the better reputation of the supplier more difficult to compromise in the price, but equipment maintenance only a small part of the cost, on the whole, the bargaining power of our suppliers is low.

- **Bargaining Power of Buyers**

Our target market is the Japanese who work and live in Shanghai and the Chinese young people who have night eating habit. For the Japanese, our restaurant offers a unique Japanese chef's cooking, which is essentially different from other Japanese restaurants. Most of the Japanese restaurants in China have made some changes to suit the tastes of the Chinese people, but our mission is to provide our customers with authentic Japanese food. At this point, the choice of Japanese customers is not much, so the relative, the customer's bargaining power is weak.

In the Chinese young people part, we are one of the few Japanese restaurants that can be opened until to 3 a.m. We must admit that in the deep night, in addition to the restaurant, there are convenience stores, night food stalls, brand fast food 24-hour restaurant can provide food in the middle of the night, but almost no other Japanese restaurant can provide services at night. In other words, if Chinese customers want to eat Japanese food at night, their choice is very limited. Consolidate these two points, I think the customer's bargaining power is weak.

- **Threat of New Entrants**

Our overall business model is relatively simple, for us, the most important asset is the Japanese chefs team and their technology. Once other competitors have robbed our team or they have hired Japanese chefs, they may have a big impact on our business. Unfortunately, we are temporarily unable to raise the threshold of entry. So, based on that, I think the threat of new entrants is high.

- **Threat of Substitute Products or Services**

The same we are to separate the two target markets to discuss. For Japanese customers, they need traditional authentic Japanese food. Our competitors are other Japanese restaurants, according to their business strategy, they have made some adjustments the taste of food to meet the preferences of most Chinese customers. In addition, other Japanese restaurants only provide one or two varieties of sake brand, for the picky and rigorous Japanese customers, this does not fully meet their real needs, so for the Japanese customers, this threat is relatively low.

In Chinese young people market segment, if they want to eat something at night they have a lot of options in Shanghai, such as convenient take-away, KFC and McDonald, street night stalls and so on. Even if some people have a preference for Japanese food, it is not possible to go to the same restaurant each night eating. So, the overall view, the risk of alternatives is moderate.

- **Rivalry among Existing Competitors**

Shanghai as an international metropolis, naturally there are many very authentic Japanese restaurants. These Japanese restaurants also represent the Japanese artisans' culture and high-end Japanese cuisine. But for our target customers, the price of this type of restaurant is pretty much high. But MEET NIGHT and the difference between these restaurants is that we are not precious ingredients and valuable raw materials as a selling point, we just provide customers with ordinary taste in normal Japanese kitchen. Compared to which opened in the luxury five-star hotel of the Japanese restaurant, strictly speaking, our target market there are some differences. At the same time, we take the initiative to give up the lunch market, and focus on dinner and supper time, after more than 9 pm, the luxury Japanese restaurant will stop business, during this time, we are subject to competitive pressure will be much smaller.

4.1.3 Competitor Analysis

Table 5- 2 Competitors analysis

Restaurant name	Business hours	Leading product	Japanese chef	Japanese sake	Outdoor space	Parking space	Price
Aki's Kitchen	18:00-1:00	Japanese barbecue Sashimi	No	Yes	Yes	No	High
有喜屋	17:30-3:00	Sushi/Sashimi Fried Fish	No	Yes	No	No	Medium
深夜食堂	19:00-1:30	Fried Fish Ramen	No	No	No	Yes	Low
Kota's Kitchen	18:00-1:00	Japanese barbecue Grilled fish	No	Yes	No	Yes	High
MEET NIGHT	17:00-3:00	Japanese home cooking Digestible food	Yes	More than 20 kinds of sake	Yes	Parking space available nearby	Medium

We have selected several well-known Japanese restaurants in Shanghai, and they are relatively late in the business hours, these restaurants and our restaurant business model is very similar. In the last holiday, we visited these restaurants, through the observation method to understand our competitors and their business status.

Aki's Kitchen is located on the Xietu road in Xuhui District, a popular shopping district in Shanghai, and it close to Metro Line 4. The location is one of several major business districts in Shanghai, where many local companies' offices are located in this area, but this is not a typical Japanese cultural district. The overall renovations of Aki's Kitchen are typical Japanese Izakaya style. Their main products are Japanese barbecue and handmade sushi. By asking their attendants, we learned that their chefs and sushi chefs were Chinese. Because it is not self-service barbecue, so the speed of serving more slowly. In addition to providing regular soft drinks, they also offer their own brewed fruit sakes, including peach flavors and apple flavors, and many female customers will choose it. In addition to the indoor dining space, they also provide a courtyard, compared to the interior

space, the courtyard dining area is more spacious. Their menu provides Chinese and Japanese versions, per capita consumption is about ¥ 200, the price is relatively high.

有喜屋 is a Japanese restaurant, which is the first Japanese restaurant to operate at night. It is also one of the few Japanese companies that are open to 3 a.m. in Shanghai. This restaurant is located at No. 501 Anlong Road, Changning District, it close to Hongqiao Airport Business District. A large number of Japanese companies settle up their offices in this area, which is also the largest Japanese community in Shanghai, but there is no subway near this location and no parking spaces available. The decor of the restaurant is modern and Japanese. The main products of this restaurant are sushi and sashimi. The restaurant waiter told us that some of their raw materials were shipped from Japan to Shanghai by plane and their Chinese chefs were studying Japanese cooking techniques in Japan. Alcoholic drinks They only offer 2 kinds of Japanese sake, and other alcoholic beverages are mainly cocktails. The menu also offers Chinese and Japanese, and the per capita consumption is about ¥ 160.

深夜餐厅 is a restaurant opened in 2017, it located in No.56 south Maoming Road, Huangpu District. This is a traditional local people living area, near the Metro Line 1 South Huangpi Road Station and Line 10 South Shaanxi Road Station, but both the two stations are far away from the restaurant, walking takes more than 15 minutes. This restaurant area is very small, about 70 m². When we arrived, the restaurant was filled with people, we also heard some other customers complain about the environment and table distance. The owner of the restaurant is also one of the chefs, he told us that he had studied in Japan. The restaurant can only accommodate 15 people at the same time. The main products are Japanese ramen and some fried snacks. There are not many options on the menu but shorter cooking time. They do not offer alcoholic beverages and parking spaces. Per capita consumption is about ¥ 40.

Kota's Kitchen is located at Henderson Square, No.668 West Nanjing Road. This is a very upscale shopping center. Metro Line 2 West Nanjing Road Station near the restaurant, while the shopping center to provide a large number of parking spaces, traffic is very convenient. This restaurant is very bright and modern. West Nanjing Road is one of the

highest density areas of high-grade office buildings in Shanghai, while a large number of luxury goods companies, financial and banking offices are located here. This restaurant features grilled fish and Japanese barbecue. Their attendants were very polite and asked about our taboos and preferences. The restaurant has a long cooking time and customers have to wait for a long time. They also offer their own sake. Their menu is available in Chinese, English and Japanese, with a per capita consumption is about ¥ 200.

By observing our competitors, we found MEET NIGHT to have our own advantages. First of all, our chef team is Japanese mother, they represent the Japanese traditional cooking techniques and processes. Second, in the choice of meals, we only provide some meals what are the Japanese ordinary family will cook them every day, these foods are ordinary Japanese people can often eat, but the Japanese who live in shanghai cannot.

And this is the taste of their hometown. In the high-end Japanese food, a lot of high-level Japanese restaurant can provide authentic and advanced Japanese food in Shanghai, but this is inconsistent with our marketing strategy. We want to be a parity Japanese restaurant, so that our customers can patronize every day will not give them a heavy burden. Third, we provide more than 20 kinds of sake brand, we give our customers more choices. At the same time, based on our competitors' strategy, we will also consider to brew sake by ourselves in the future as a supplement. Fourth, most of our competitors will close at 1 a.m., not only we will operate until 3 a.m., but also our outdoor space can be open 24 hours for our customers. Before the end of the restaurant business, our customers can take the sake and continue to drink in the courtyard until they want to go home.

4.2 Customer Analysis

The restaurant industry is a universal industry, and almost all people can be our target customers. In these customers, different customers like different dishes, even in China, the provinces of different people have different habits and preferences of the diet. But MEET NIGHT as a restaurant to promote the traditional Japanese homemade cuisine, we focus on two market segments, namely Japanese who work and live in Shanghai and young people really like the traditional Japanese food in shanghai For the Japanese, they are away from

Japan, although they can eat very authentic and advanced Japanese cuisine in Shanghai, but it is difficult to eat the traditional taste of Japanese home cooking in Shanghai. Advanced ingredients are delicious food is not the taste of their memory, the kitchen cooking flavor is the taste of the home. For those who really love Japanese food, parity and authentic is difficult to have both. Most of the main products of the Japanese restaurant are sashimi and beef, or more expensive kaiseki cuisine. I have to admit that they are very authentic and delicious, but this is not the restaurant that most people can visit them very often. What we want to do is parity Japanese restaurant, which sells ordinary Japanese homemade dishes. At the same time, many young people working hard in Shanghai, they are living alone in Shanghai as well. Through the Japanese mother's cooking, we also hope we can help these young people to ease the pressure of work to find negative emotional exports. They came to MEET NIGHT, just as they returned to their old house.

Japan's Ministry of foreign affairs statistics, Japan has the largest non-Japanese city is Los Angeles, there are 71400 Japanese living there. Shanghai ranked second, with a total of 57400 Japanese living in Shanghai. (Ge & Yu, 2013) Most of these Japanese live in the Hongqiao area of Changning District. The Japanese who are usually working in Shanghai are appointed by the parent company of Japan, who have a good educational background and income status, they are able to afford the high rent and cost of living in the Hongqiao area, so their sensitivity to prices is relatively low.

In the part of the local people, according to the 2016 Shanghai salary statistics report shows that the average wage in Shanghai is ¥6378 , ranking second in the country, Changning District, the average wage of ¥6420, ranking first in the various administrative districts in Shanghai. According to the Shanghai Statistical Yearbook data, by the end of 2015, Changning District resident population of 691,100, 18 to 34 years old for 124,000, 35 to 59 years old for 215800 (Statistics, 2016).

For two different market segments, we have prepared a different selling point. For the Japanese, it is their habit to drink sake when they eat, and we will provide them with more than 20 kinds of sake brands to accommodate Japanese customers from different parts of Japan. We also consider that some of the customers are eating alone, so we can sell the

sake in 300ml units. For locals, we recommend the most acclaimed sake brand and give our customers a chance to taste Japanese homemade dishes. The raw materials of these home cooking are not expensive but very authentic, the weight can be selected according to the standard or large. Our restaurant is open until 3 a.m., and all the chefs are Japanese. Whether our customers are working late or they are insomnia in the evening, they do not worry that they are abandoned by the night.

In order to better understand our customers, we also visited some Japanese who work in Hongqiao area and some young people have night habits. Mr. Tanaka has been working in China for three years and he is the Marketing Director of Lion Marketing company in Shanghai. Mr. Tanaka is honest with us, he thinks the authentic Japanese restaurant is too expensive but the cheap Japanese restaurant always changes the taste, which is really his distressing problem. Usually he will go to the Japanese restaurant at least twice a week, but because he does not find any satisfice restaurant, so he often changes his goals. We also asked the price, Mr. Tanaka told me that if it is authentic Japanese taste, he believes that per capita consumption less than ¥ 130 is a reasonable price, of course, particularly expensive beverage consumption is not included. Mr. Tanaka lives alone in Shanghai, so he usually dines alone.

In the deep night, we also visited several customers at the door of rival restaurants who just finish their meals. Some of them come to eat alone, and some people eat together with friends and roommates. Their purpose is not the same, some people just get off work, they want to eat something before they go home. Some people just watched the midnight movie and they felt a little hungry, some people used to sleep during the day and activities at night. With their permission, we also looked at their bills, it's about between 70-180 per capita, and most of them had alcohol consumption.

5. STRATEGIC IMPLEMENTATION

Key Partner	Key Activities	Value Proposition	Customer Relationship	Customer Segments
<ul style="list-style-type: none"> Raw materials suppliers Social media or self-media leader Traditional media 	<ul style="list-style-type: none"> Pure Japanese style food operate at night 24 hours open semi-outdoor space 	<ul style="list-style-type: none"> Provide pure Japanese style food for the Japanese For the night eating lovers to provide safe, healthy food and pure Japanese flavor of sake 	For different segments of the market to provide differentiated services	<ul style="list-style-type: none"> Japanese who work in Shanghai Office workers who work overtime until deep night or work at night Insomnia or depressed person People who have the habit of eating at night
	Key Resource		Channel	
	<ul style="list-style-type: none"> Japanese chefs Fresh and high quality materials Japanese sake 		Store sales	
Cost Structure		Revenue Stream		
Labor cost, raw material cost, rent cost, other operation cost		Revenue from food sake and beverage		

5.1 Production

We are a restaurant that offers Japanese traditional authentic homemade dishes. We are for all customers, especially Japanese who work in Shanghai and local young people who are real interested in authentic Japanese food. Our daily business hours are 17:00-3:00. In addition to our choice of high-quality raw materials, we will also employ all Japanese chefs team, they are Japanese mother who following their children to settle in Shanghai. They will use the most traditional Japanese cooking techniques and processes to ensure the quality of our food. In addition, our purchasing team will sign agreements with several of Japan's popular sake brands, and we will provide our customers with more than 20 kinds of sake brands to accommodate Japanese customers from different parts of Japan.

Furthermore, we will maintain a good relationship with all media, including self-media and social media. Except that we will actively explore the possibilities of collaboration at different levels, such as providing venues and snacks for video recordings from the media, participating in web dramas and TV shows or provide the place for some offline activities and so on. We hope that we can be a star restaurant online through the cooperation with the media.

At the right time, we will open our second restaurant in Pudong New District in Shanghai or Beijing. Basically, we will use the replicate mode to expand our business. Shanghai Pudong New District is the most dynamic district, it has large population. Beijing has the second largest Japanese population in China. These two places are our next expansion goals.

5.2 Resource Needs

5.2.1 Human

We need four Japanese chefs who can skillfully cook traditional authentic Japanese homemade dishes. In addition, we need four waiters, they need courteous and serviceable spirit, waiter priority who can speak Japanese. We also accept interns and students part-time. The restaurant manager needs to ensure that there are two chefs and two waiters working every day, and the chefs and the waiters work for three or four days a week.

5.2.2 Financial

we are lite-asset company, it is difficult for us to loan from the bank. Pre-investment we will rely on the two founders' personal investment and national preferential policies, such as overseas students' entrepreneurship fund. At the same time, we will actively seek government subsidies and incentives, such as small business tax relief, small business support program, while maintaining a good credit record, apply for unsecured loans to the bank if it necessary.

5.2.3 Physical

Table 6- 1 Operate Core Equipment

Item	Quantity	Brand	Price	Total price
Kitchen equipment				
Commercial refrigerator and Cooking table	2	Lecon	¥1,598.0	¥3,196.0
Commercial double oven	1	Lecon	¥1,238.0	¥1,238.0
Commercial rice cooker	1	Xishibao	¥1,378.0	¥1,378.0
Commercial dishwashing machine	1	Aituo	¥2,898.0	¥2,898.0
Commercial fryer	1	Laibo	¥298.0	¥298.0
Commercial gas stove	1	Lecon	¥1,678.0	¥1,678.0
Commercial range hoods	1	Emeet	¥8,779.0	¥8,779.0
Restaurant equipment				
Wine cabinet	1	Casarte	¥7,699.0	¥7,699.0
Commercial beverage cabinets	1	Lecon	¥1,398.0	¥1,398.0
Tableware	/		¥4,596.5	¥4,596.5
High chair	10		¥279.0	¥2,790.0
Table and chair group	15		¥460.0	¥6,900.0
Lamps	/		¥20,000.0	¥20,000.0
Cashier	1		¥699.0	¥699.0
Tableware cabinets	1		¥399.0	¥399.0

5.3 Sourcing/Procurement Strategy

In the selection of cooker, cutlery and kitchen equipment brands, we will choose better quality products, which will reduce the impact of uncertainties on our daily operations, and these brands' after-sales support stronger than others. In the choice of suppliers, we will choose more cost-effective suppliers in the Shanghai Free Trade Area, they can take full advantage of the advantages of free trade area to reduce tariffs while improving the speed of cargo transshipment

5.4 Marketing Strategy

5.4.1 STP

Our market segments are mainly two categories, one is Japanese who working in Shanghai. Most of them serve Japanese companies in China, and because they stay away from Japan

for a long time, they have a stronger demand for traditional authentic Japanese food. Usually this type of customer has a good income, they are not sensitive to the price, compared to the price, they are more concerned about the quality of food.

The other category is young people living in Shanghai and they have night eating habits. These young people are divided into the following categories: often work overtime people, they will get used to eating something before they go home even if it's already very late, they usually choose to quickly cook finished food. People with greater stress or depression, they will eat with food to relieve stress and release emotions, they are also less sensitive to the price, while the higher demand for alcoholic beverages. Night workers, such as gas station staff or night duty security, their work determines the nature of their diet, they usually choose cheaper and fast meals. Insomnia, they can not sleep in the middle of the night, so the time does not matter to them, they are willing to spend more time waiting for cooking in the process, so the good taste and good environment and divided into their needs focus.

5.4.2 Marketing Mix

Market mix refers to all the needs of the market are more or less affected by some market factors, in order to achieve the enterprise market objectives or seek some market reaction, enterprises need to combine these factors let products to meet the needs of the market and maximize the profits of the company. These factors are reduced to four factors by E. Jerome McCarthy, which are product, price, place, promotion, people, psychical evidence and process. (Vliet, 2013).

● Product

First, we will choose the right raw material suppliers in the Shanghai Free Trade Area, which will ensure that our raw materials are fresh and high quality. We will order a reasonable amount of raw materials based on daily traffic and ensure that the day's raw materials will not be used for the next day's business activities, which will guarantee the quality standards of our dishes. Secondly, in the sake part, we purchased the Casa Dili

brand's high-end wine cooler to store our sake to ensure the best taste. All the sake is imported through legal channels, which ensures that all of our sake is produced in Japan and meets international standards.

- **Price**

We use the cost method and the competition guidance method to determine the pricing strategy synthetically. In the Competitive Analysis section, I described the average price of several of our direct competitors. In addition, our operating costs are determined on the basis of financial projections, with the aim of providing the same or even better facilities and services on the basis of our overall price lower than our competitors. We are positioning ordinary young people, office workers and Japanese people who live in Shanghai. The first two categories of customers have a medium income. We hope that even if our loyal customers come here every day, they do not think this is a very expensive lifestyle

- **Place**

Our restaurant is located in No. 624, Xinyu Road Changning District, Shanghai. This is a great place, first it is located in the Hongqiao Airport business district, which is the gathering of Japanese companies in Shanghai and the largest Japanese living community in Shanghai. In addition, Hongqiao Airport business district is also high-tech and Internet companies gathering area, overtime is very common in IT industry, this place allows us to contact as close as possible to our two types of customer groups. As our restaurant is open at night, the surrounding commercial building can provide ample parking space. At the same time, Metro Line 2 Song Hong Road Station is near our restaurant.

- **Promotion**

Special appreciate program- usually our sake is sold in units of 300ml, but for those customers who like the sake very much we have launched a special appreciation program. They can buy 1.8L of sake 7% discount. The remaining broth we provide free storage

services, while the membership card will record their purchase records and each drinking record.

Preheating before opening - we will cooperate with the New World Face and NetEase news to organize an offline activity, called the taste buds memory. We will recruit 50 memories of Japanese food on social media. Through our Japanese chef's technology to helped 50 customers to retrieve the taste of memory. The New World Face is a very popular social media account on the WeChat template, they are particular attention to the living conditions of young people in the big cities. Netease News is a well-known news app in China, with extremely powerful audience and communication influence.

Social media - we will attach great importance to the importance of social media in marketing, we are willing to actively host some of the Internet offline activities. We will actively cooperate with dianping.com (the largest consumer reviews app in China) to expand our popularity and collect customer feedback, make MEET NIGHT shining online.

Media - We are willing to provide shooting for the TV series, variety show, while active cooperate with food programs to promote our night eating culture.

- **People**

Our chefs are all from Japan, and they are Japanese women who come to China with their children. They represent the most traditional Japanese cooking techniques and processes. We have the ability to provide the most authentic Japanese flavor in China.

At the same time, we will use the typical Japanese restaurant waiter's job requirements to train our waiters, they will let our customers feel respect, enthusiasm and concern. We also welcome students part-time in our restaurant who have the ability to communicate with Japanese.

- **Physical evidence**

The style of the restaurant will be in accordance with the modern Japanese style, the overall style of bright and warm. The waiter's clothing is a white white shirt and a white apron. The light is bright and warm, the table will be placed fragrant candle. In outdoor space, we

offer 24-hour lighting candles and Japanese music in addition to the highly comfortable outdoor dining tables and chairs.

- **Process**

We will establish a very strict kitchen management system, the greatest degree of elimination of food safety hazards. For example, fresh materials management, cooked food and raw materials separate and so on. For the waiters, we ask them to smile service, they are not allowed to give unnecessary advice and gossip customers' behavior and so on. We hope that MEET NIGHT customers can enjoy the food while enjoying the time of self-relaxation.

6. FINANCIAL PLAN

6.1 Source of Fund

Mr. Jun Lu and Miss Zhang, they invested ¥1,500,000 and ¥1,000,000 respectively and jointly created the MEET NIGHT. This part of the investment comes from the personal savings of the two founders.

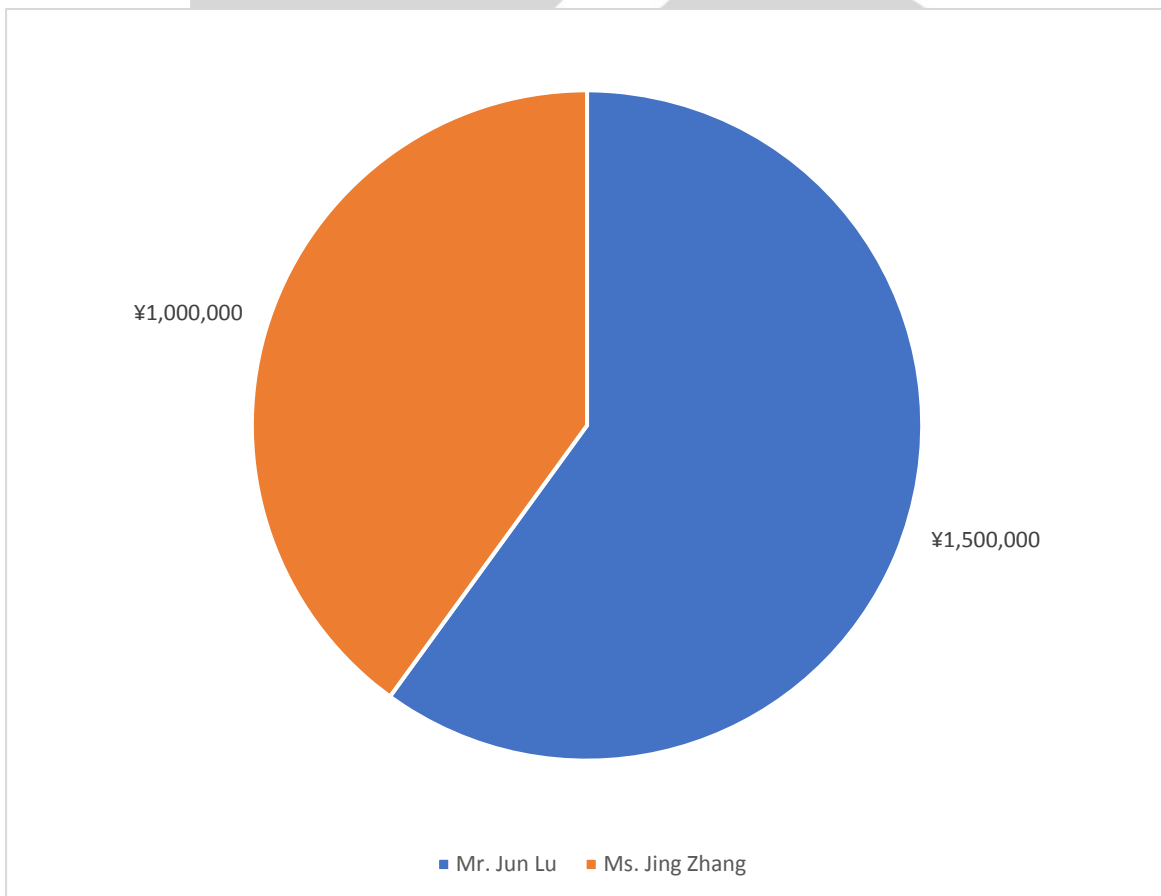


Figure 7- 1 MEET NIGHT Source of Fund

6.2 Start-up Plan

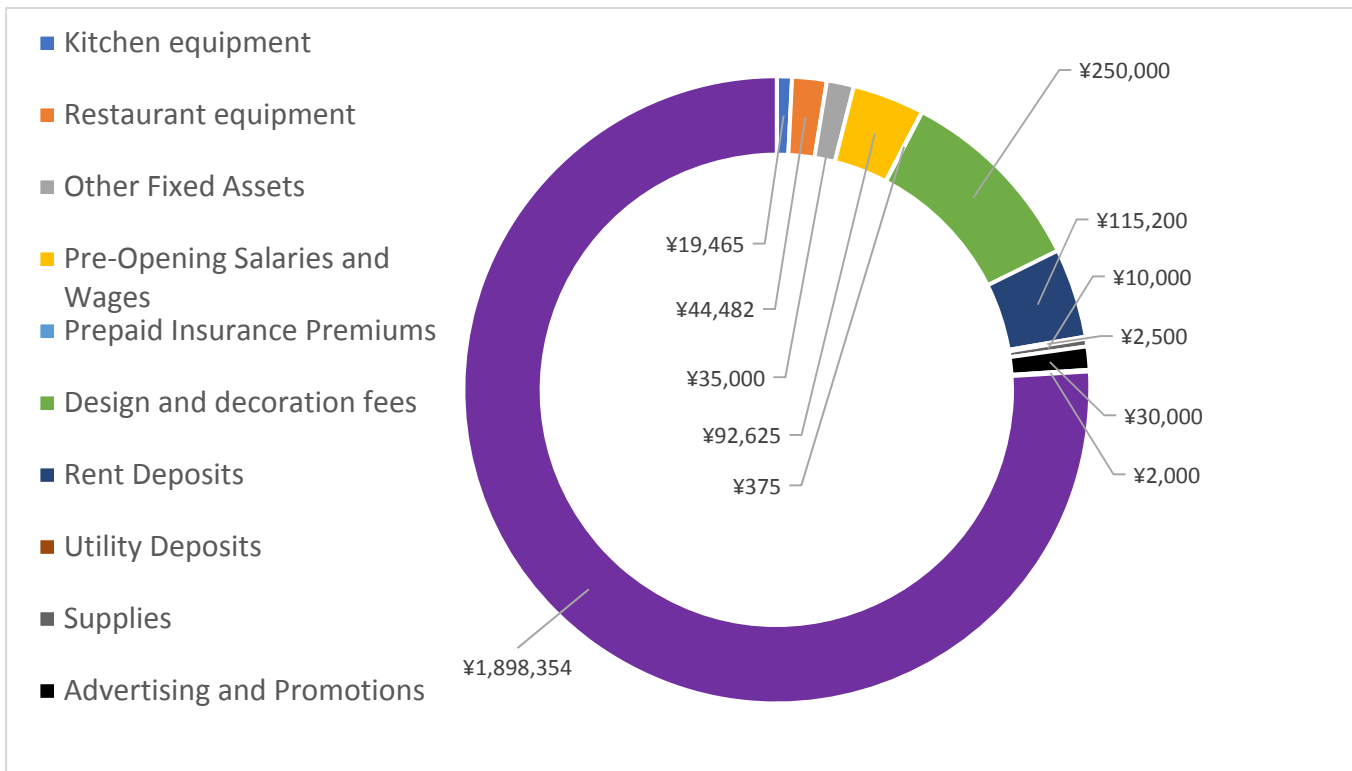


Figure 7- 2 Pie Chart of Required Start-up Fund



Table 7- 1 Table of Required Start-up Funds

Item	Quantity	Brand	Price	Total price	
Kitchen equipment					
Commercial refrigerator and Cooking table	2	Lecon	¥1,598.0	¥3,196.0	
Commercial double oven	1	Lecon	¥1,238.0	¥1,238.0	
Commercial rice cooker	1	Xishibao	¥1,378.0	¥1,378.0	
Commercial dishwashing machine	1	Aituo	¥2,898.0	¥2,898.0	
Commercial fryer	1	Laibo	¥298.0	¥298.0	
Commercial gas stove	1	Lecon	¥1,678.0	¥1,678.0	
Commercial range hoods	1	Emeet	¥8,779.0	¥8,779.0	
Subtotal					¥19,465.0
Restaurant equipment					
Wine cabinet	1	Casarte	¥7,699.0	¥7,699.0	
Commercial beverage cabinets	1	Lecon	¥1,398.0	¥1,398.0	
Tableware	/		¥4,596.5	¥4,596.5	
High chair	10		¥279.0	¥2,790.0	
Table and chair group	15		¥460.0	¥6,900.0	
Lamps	/		¥20,000.0	¥20,000.0	
Cashier	1		¥699.0	¥699.0	
Tableware cabinets	1		¥399.0	¥399.0	
Subtotal					¥44,481.5
Other fix assets					
Subtotal					¥35,000.0
Design and decoration fees					
Subtotal					¥250,000.0
Rent and others					
Deposit (three months)	3		¥38,400.0	¥115,200.0	
Subtotal					¥115,200.0
Insurance					
Subtotal					¥375.0
Pre-Opening Salaries and Wages					
Subtotal					¥92,625.0
License application fee					
Subtotal					¥2,000.0
Utility deposits					
Subtotal					¥2,500.0
Advertising and marketing fees					
Subtotal					¥30,000.0
Supplies					
Subtotal					¥10,000.0
Working Capital (Cash On Hand)					
Subtotal					¥1,898,353.5
Total					¥2,500,000.0

Before we start business, we need to purchase the necessary equipment and finish the decoration of the restaurant. The table above lists all the equipment and prices we need at the beginning of our business.

6.3 Salaries and Wages

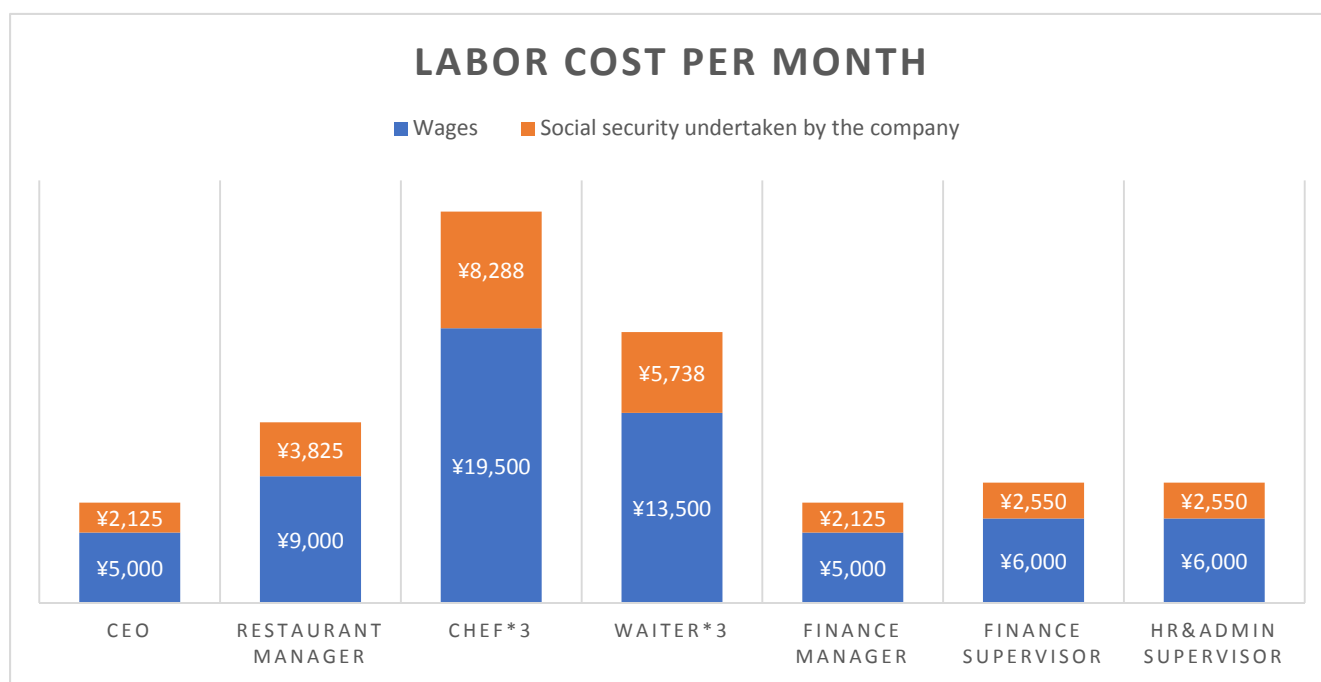


Figure 7- 3 Chart of Fixed Operating Expenses

Table 7- 2Table of Labor Cost

Position	wage/month	amount	Total	Social security undertaken by the company	Total cost/month	Total cost/year
CEO	¥5,000	1	¥5,000	¥2,125	¥7,125	¥85,500
Restaurant manager	¥9,000	1	¥9,000	¥3,825	¥12,825	¥153,900
Chef*3	¥6,500	3	¥19,500	¥8,288	¥27,788	¥333,450
Waiter*3	¥4,500	3	¥13,500	¥5,738	¥19,238	¥230,850
Finance Manager	¥5,000	1	¥5,000	¥2,125	¥7,125	¥85,500
Finance Supervisor	¥6,000	1	¥6,000	¥2,550	¥8,550	¥102,600
HR & Admin Supervisor	¥7,000	1	¥7,000	¥2,975	¥9,975	¥119,700
Total		12	¥65,000	¥27,625	¥92,625	¥1,111,500

6.4 Fixed Operating Expense

The following table shows the details for monthly fixed expenses.

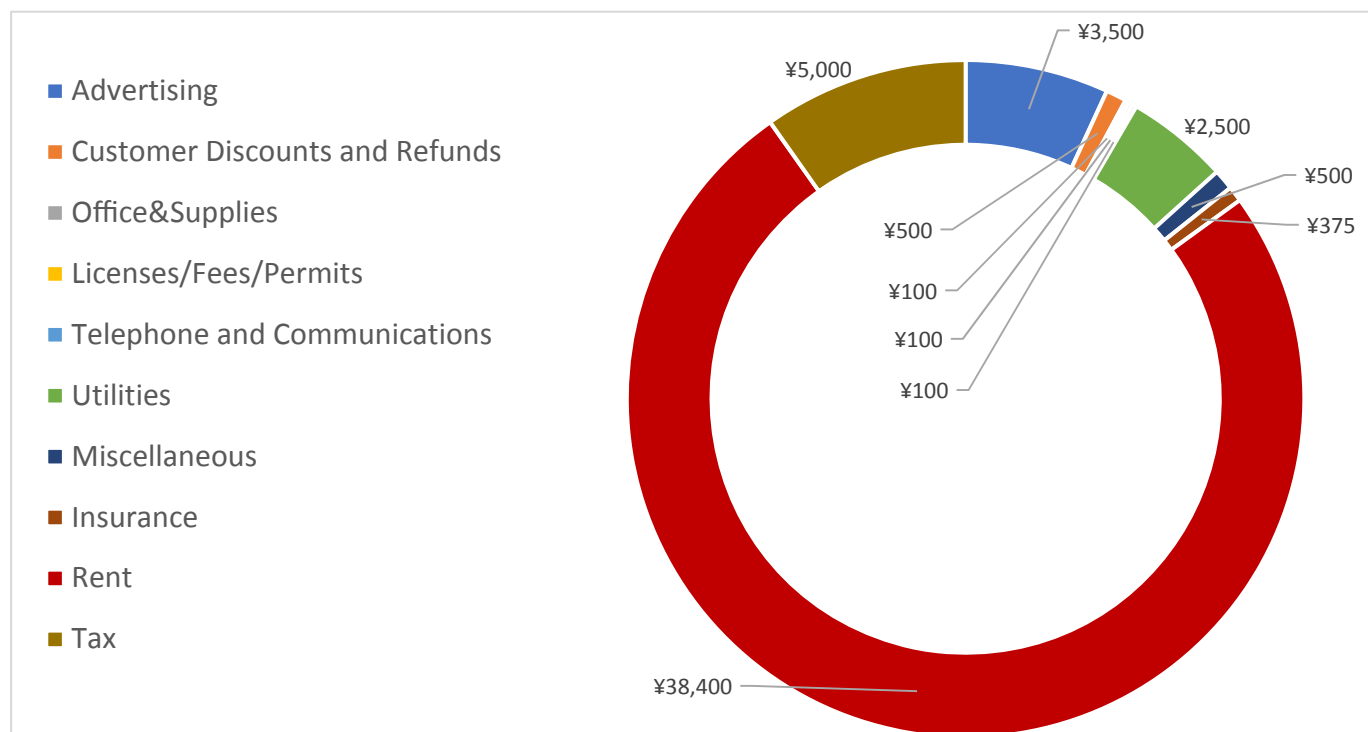


Figure 7- 4 Chart of Fixed Operating Expenses

Table 7- 3 Table of Fixed Operating Expenses

Expenses	Amount
Advertising	¥3,500
Customer Discounts and Refunds	¥500
Office & Supplies	¥100
Licenses/Fees/Permits	¥100
Telephone and Communications	¥100
Utilities	¥2,500
Miscellaneous	¥500
Insurance	¥375
Rent	¥38,400
Tax	¥5,000
Total fixed operating expenses per month	¥51,075
Total fixed operating expenses per month	¥612,900

6.5 Project Sales Forecast in year I

We divided the product into three categories: meal, sake and beverages and forecast their sales separately.

6.5.1 Meal part

Table 7- 4 Meal Part Sales Information

Meal Part	
Price per Unit	¥50
Variable Cost per Unit	¥12.5
Gross Margin per Unit	¥37.5

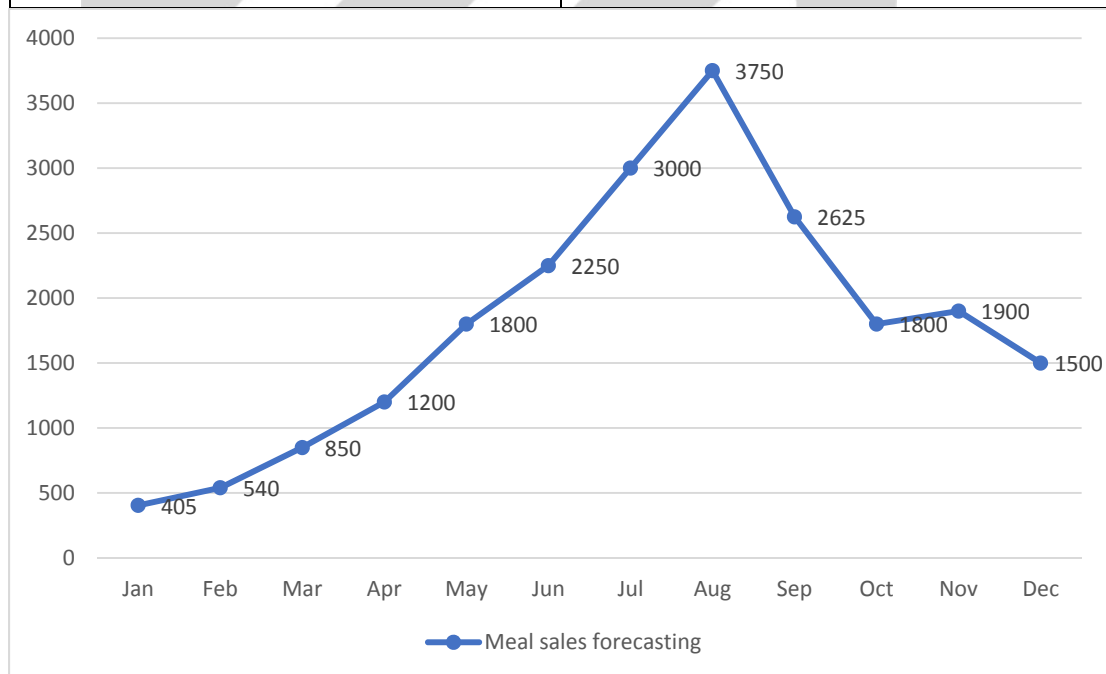


Figure 7- 5 Line Chart of Project Sales Forecast for Meal Part

Table 7- 5 Number of Project Sales Forecast for Meal Part

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
450	540	850	1200	1800	2250	3000	3750	2625	1800	1900	1500	21,625

Table 7- 6 Breakeven Analysis

Project Revenue	¥1,081,250
Variable Costs	¥270,313
Gross Margin	¥810,937
Overhead Expense	¥874,428
Profit	¥(63,490)
	(5.87%)
Breakeven Sale Revenue	¥1,165,903.98
Breakeven Sale Units	23,318

6.5.2 Sake Part**Table 7- 7 Sake Part Sales Information**

Sake Part	
Price per Unit	¥65
Variable Cost per Unit	¥26
Gross Margin per Unit	¥39

**Figure 7- 6 Line Chart of Project Sales Forecast for Sake Part**

Table 7- 8 Number of Project Sales Forecast for Meal Part

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
400	600	600	1100	900	1400	1300	1400	1700	1600	1800	2000	14,800

Table 7- 9 Breakeven Analysis

Project Revenue	¥962,000
Variable Costs	¥384,800
Gross Margin	¥577,200
Overhead Expense	¥647,077
Profit	¥ (69,877)
	(7.26%)
Breakeven Sale Revenue	¥1,078,461.18
Breakeven Sale Units	16,592

6.5.3 Beverage Part

Table 7- 10 Beverage Part Sales Information

Beverage Part	
Price per Unit	¥17
Variable Cost per Unit	¥1.7
Gross Margin per Unit	¥15.3

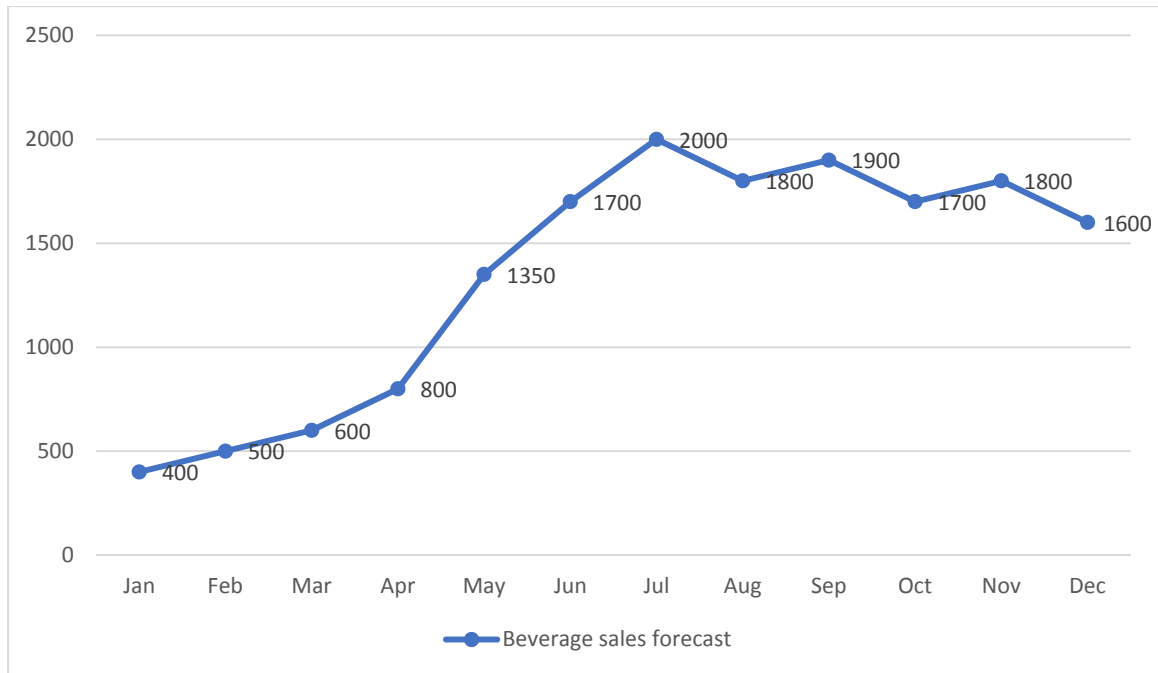


Figure 7- 7 Line Chart of Project Sales Forecast for Beverage Part

Table 7- 11 Number of Project Sales Forecast for Beverage Part

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
400	500	600	800	1350	1700	2000	1800	1900	1700	1800	1600	16,150

Table 7- 12 Breakeven Analysis

Project Revenue	¥274,550
Variable Costs	¥27,455
Gross Margin	¥274,095
Overhead Expense	¥227,351
Profit	¥19,744
	7.19%
Breakeven Sale Revenue	¥252,612.53
Breakeven Sale Units	14,860

6.6 Project Profit and Loss

6.6.1 Year I

Table 7- 13 Income Statement Year One



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Income													
Meal Part	20,250	27,000	42,750	60,000	90,000	112,500	150,000	187,500	131,250	90,000	95,000	75,000	1,081,250
Sake Part	26,000	39,000	39,000	71,500	58,500	91,000	84,500	91,000	110,500	104,000	117,000	130,000	962,000
Beverage	6,800	8,500	10,200	13,600	22,950	28,900	34,000	30,600	32,300	28,900	30,600	27,200	274,550
Total Income	53,050	74,500	91,950	145,100	171,450	232,400	268,500	309,100	274,050	222,900	242,600	232,200	2,317,800
Cost of Sales													
Meal Part	5,063	6,750	10,688	15,000	22,500	28,125	37,500	46,875	32,813	22,500	23,750	18,750	270,313
Sake Part	10,400	15,600	15,600	28,600	23,400	36,400	33,800	36,400	44,200	41,600	46,800	52,000	384,800
Beverage	680	850	1,020	1,360	2,295	2,890	3,400	3,060	3,230	2,890	3,060	2,720	27,455
Total Cost of Sales	16,143	23,200	27,308	44,960	48,195	67,415	74,700	86,335	80,243	66,990	73,610	73,470	682,568
Gross Margin	36,908	51,300	64,643	100,140	123,255	164,985	193,800	222,765	193,808	155,910	168,990	158,730	1,635,233
Total Salary and Wages	92,625	92,625	92,625	92,625	92,625	92,625	92,625	92,625	92,625	92,625	92,625	92,625	1,111,500
Fixed Business Expenses													
Advertising	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	42,000
Car and Truck Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank & Merchant Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract Labor	-	-	-	-	-	-	-	-	-	-	-	-	-
Conferences & Seminars	-	-	-	-	-	-	-	-	-	-	-	-	-
Customer Discounts and Refunds	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Dues and Subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Insurance (Liability and Property)	375	375	375	375	375	375	375	375	375	375	375	375	4,500
Licenses/Fees/Permits	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Legal and Professional Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Expenses & Supplies	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Postage and Delivery	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent (on business property)	38,400	38,400	38,400	38,400	38,400	38,400	38,400	38,400	38,400	38,400	38,400	38,400	460,800
Rent of Vehicles and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales & Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes-Other	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Telephone and Communications	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Total Fixed Business Expenses	51,075	51,075	51,075	51,075	51,075	51,075	51,075	51,075	51,075	51,075	51,075	51,075	612,900
Other Expenses													
Amortized Start-up Expenses	7,019	7,019	7,019	7,019	7,019	7,019	7,019	7,019	7,019	7,019	7,019	7,019	84,233
Depreciation	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038	24,456
Interest													
Commercial Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit Card Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle Loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Bank Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Expenses	9,057	9,057	9,057	9,057	9,057	9,057	9,057	9,057	9,057	9,057	9,057	9,057	108,689
Net Income	(115,850)	(101,457)	(88,115)	(52,617)	(29,502)	12,228	41,043	70,008	41,050	3,153	16,233	5,973	(197,857)

Table 7- 15 Balance Sheet Year One

	<u>Base Period</u>	<u>End of Year One</u>
Assets		
Current Assets		
Cash	1,898,354	1,809,186
Accounts Receivable	-	-
Inventory	-	-
Prepaid Expenses	252,700	168,467
Other Current	-	-
Total Current Assets	<u>2,151,054</u>	<u>1,977,653</u>
Fixed Assets		
Design and Renovation cost	250,000	250,000
Kitchen equipment	19,465	19,465
Restaurant equipment	44,482	44,482
0	-	-
0	-	-
0	-	-
Other Fixed Assets	<u>35,000</u>	<u>35,000</u>
Total Fixed Assets	348,947	348,947
Less: Accumulated Depreciation	-	<u>24,456</u>

Total Assets	<u>2,500,000</u>	<u>2,302,143</u>
Liabilities and Owner's Equity		
Liabilities		
Accounts Payable	-	-
Loan Payable	-	-
Mortgage Payable	-	-
Credit Card Debt	-	-
Vehicle Loans	-	-
Other Bank Debt	-	-
Line of Credit Balance	-	-
Total Liabilities	-	-
Owner's Equity		
Common Stock	2,500,000	2,500,000
Retained Earnings	-	(197,857)
Dividends Dispersed	-	-
Total Owner's Equity	2,500,000	2,302,143
Total Liabilities and Owner's Equity	<u>2,500,000</u>	<u>2,302,143</u>

Statement Balances

Statement Balances

6.6.2 Year II

Table 7- 16 Income Statement Year Two



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Income													
Meal Part	93,500	84,900	91,938	86,250	103,500	129,375	172,500	215,625	150,938	103,500	104,500	90,000	1,426,525
Sake Part	117,000	136,500	124,735	109,200	102,700	96,785	97,175	104,650	127,075	119,600	134,550	149,500	1,419,470
Beverage	25,500	27,200	25,500	27,200	26,393	33,235	39,100	35,190	37,145	33,235	35,190	31,280	376,168
Total Income	236,000	248,600	242,173	222,650	232,593	259,395	308,775	355,465	315,158	256,335	274,240	270,780	3,222,163
Cost of Sales													
Meal Part	23,375	21,225	22,984	21,563	25,875	32,344	43,125	53,906	37,734	25,875	26,125	22,500	356,631
Sake Part	46,800	54,600	49,894	43,680	41,080	38,714	38,870	41,860	50,830	47,840	53,820	59,800	567,788
Beverage	2,550	2,720	2,550	2,720	2,639	3,324	3,910	3,519	3,715	3,324	3,519	3,128	37,617
Total Cost of Sales	72,725	78,545	75,428	67,963	69,594	74,381	85,905	99,285	92,279	77,039	83,464	85,428	962,036
Gross Margin	163,275	170,055	166,744	154,688	162,998	185,014	222,870	256,180	222,879	179,297	190,776	185,352	2,260,127
Total Salary and Wages	95,404	95,404	95,404	95,404	95,404	95,404	95,404	95,404	95,404	95,404	95,404	95,404	1,144,845
Fixed Business Expenses													
Advertising	3,605	3,605	3,605	3,605	3,605	3,605	3,605	3,605	3,605	3,605	3,605	3,605	43,260
Car and Truck Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank & Merchant Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract Labor	-	-	-	-	-	-	-	-	-	-	-	-	-
Conferences & Seminars	-	-	-	-	-	-	-	-	-	-	-	-	-
Customer Discounts and Refunds	515	515	515	515	515	515	515	515	515	515	515	515	6,180
Dues and Subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	515	515	515	515	515	515	515	515	515	515	515	515	6,180
Insurance (Liability and Property)	386	386	386	386	386	386	386	386	386	386	386	386	4,635
Licenses/Fees/Permits	103	103	103	103	103	103	103	103	103	103	103	103	1,236
Legal and Professional Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Expenses & Supplies	103	103	103	103	103	103	103	103	103	103	103	103	1,236
Postage and Delivery	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent (on business property)	42,240	42,240	42,240	42,240	42,240	42,240	42,240	42,240	42,240	42,240	42,240	42,240	506,880
Rent of Vehicles and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales & Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes-Other	5,150	5,150	5,150	5,150	5,150	5,150	5,150	5,150	5,150	5,150	5,150	5,150	61,800
Telephone and Communications	103	103	103	103	103	103	103	103	103	103	103	103	1,236
Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	30,900
Total Fixed Business Expenses	55,295	55,295	55,295	55,295	55,295	55,295	55,295	55,295	55,295	55,295	55,295	55,295	663,543
Other Expenses													
Amortized Start-up Expenses	7,019	7,019	7,019	7,019	7,019	7,019	7,019	7,019	7,019	7,019	7,019	7,019	84,233
Depreciation	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038	24,456
Interest													
Commercial Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit Card Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle Loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Bank Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	2,108	3,464	2,801	390	2,052	6,455	14,027	20,689	14,028	5,312	7,608	6,523	85,457
Total Other Expenses	11,165	12,521	11,859	9,448	11,110	15,513	23,084	29,746	23,086	14,369	16,665	15,580	194,146
Net Income	1,411	6,835	4,186	(5,459)	1,190	18,802	49,087	75,735	49,094	14,228	23,412	19,073	257,593

Table 7- 18 Balance Sheet Year Two

	<u>End of Year One</u>	<u>End of Year Two</u>
Assets		
Current Assets		
Cash	1,809,186	2,175,468
Accounts Receivable	-	-
Inventory	-	-
Prepaid Expenses	168,467	84,233
Other Current	-	-
Total Current Assets	<u>1,977,653</u>	<u>2,259,701</u>
Fixed Assets		
Design and Renovation cost	250,000	250,000
Kitchen equipment	19,465	19,465
Restaurant equipment	44,482	44,482
0	-	-
0	-	-
0	-	-
Other Fixed Assets	<u>35,000</u>	<u>35,000</u>
Total Fixed Assets	348,947	348,947
Less: Accumulated Depreciation	<u>24,456</u>	<u>48,912</u>

Total Assets	<u>2,302,143</u>	<u>2,559,735</u>
Liabilities and Owner's Equity		
Liabilities		
Accounts Payable	-	-
Notes Payable	-	-
Mortgage Payable	-	-
Credit Card Debt	-	-
Vehicle Loans	-	-
Other Bank Debt	-	-
Line of Credit Balance	-	-
Total Liabilities	-	-
Owner's Equity		
Common Stock	2,500,000	2,500,000
Retained Earnings	(197,857)	59,736
Dividends Dispersed	-	-
Total Owner's Equity	<u>2,302,143</u>	<u>2,559,736</u>
Total Liabilities and Owner's Equity	<u>2,302,143</u>	<u>2,559,735</u>

Statement Balances

Statement Balances

6.6.3 Year III

Table 7- 19 Income Statement Year Three



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Income													
Meal Part	97,031	97,031	102,422	107,813	129,375	161,719	215,625	269,531	188,672	129,375	97,031	97,031	1,692,656
Sake Part	140,400	163,800	149,682	131,040	123,240	116,142	116,610	125,580	152,490	143,520	161,460	179,400	1,703,364
Beverage	31,875	34,000	31,875	34,000	32,991	41,544	48,875	43,988	46,431	41,544	43,988	39,100	470,209
Total Income	269,306	294,831	283,979	272,853	285,606	319,405	381,110	439,099	387,593	314,439	302,479	315,531	3,866,230
Cost of Sales													
Meal Part	24,258	24,258	25,605	26,953	32,344	40,430	53,906	67,383	47,168	32,344	24,258	24,258	423,164
Sake Part	56,160	65,520	59,873	52,416	49,296	46,457	46,644	50,232	60,996	57,408	64,584	71,760	681,346
Beverage	3,188	3,400	3,188	3,400	3,299	4,154	4,888	4,399	4,643	4,154	4,399	3,910	47,021
Total Cost of Sales	83,605	93,178	88,666	82,769	84,939	91,041	105,438	122,014	112,807	93,906	93,241	99,928	1,151,531
Gross Margin	185,701	201,653	195,313	190,083	200,667	228,364	275,672	317,085	274,786	220,533	209,238	215,603	2,714,699
Total Salary and Wages	98,266	98,266	98,266	98,266	98,266	98,266	98,266	98,266	98,266	98,266	98,266	98,266	1,179,190
Fixed Business Expenses													
Advertising	3,713	3,713	3,713	3,713	3,713	3,713	3,713	3,713	3,713	3,713	3,713	3,713	44,558
Car and Truck Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank & Merchant Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract Labor	-	-	-	-	-	-	-	-	-	-	-	-	-
Conferences & Seminars	-	-	-	-	-	-	-	-	-	-	-	-	-
Customer Discounts and Refunds	530	530	530	530	530	530	530	530	530	530	530	530	6,365
Dues and Subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	530	530	530	530	530	530	530	530	530	530	530	530	6,365
Insurance (Liability and Property)	398	398	398	398	398	398	398	398	398	398	398	398	4,774
Licenses/Fees/Permits	106	106	106	106	106	106	106	106	106	106	106	106	1,273
Legal and Professional Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Expenses & Supplies	106	106	106	106	106	106	106	106	106	106	106	106	1,273
Postage and Delivery	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent (on business property)	46,464	46,464	46,464	46,464	46,464	46,464	46,464	46,464	46,464	46,464	46,464	46,464	557,568
Rent of Vehicles and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales & Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes-Other	5,305	5,305	5,305	5,305	5,305	5,305	5,305	5,305	5,305	5,305	5,305	5,305	63,654
Telephone and Communications	106	106	106	106	106	106	106	106	106	106	106	106	1,273
Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	2,652	2,652	2,652	2,652	2,652	2,652	2,652	2,652	2,652	2,652	2,652	2,652	31,827
Total Fixed Business Expenses	59,911	59,911	59,911	59,911	59,911	59,911	59,911	59,911	59,911	59,911	59,911	59,911	718,931
Other Expenses													
Amortized Start-up Expenses	7,019	7,019	7,019	7,019	7,019	7,019	7,019	7,019	7,019	7,019	7,019	7,019	84,233
Depreciation	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038	24,456
Interest													
Commercial Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit Card Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle Loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Bank Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	5,097	8,288	7,020	5,974	8,090	13,630	23,091	31,374	22,914	12,064	9,805	11,078	158,424
Total Other Expenses	14,155	17,345	16,077	15,031	17,148	22,687	32,149	40,432	31,972	21,121	18,862	20,135	267,114
Net Income	13,369	26,131	21,059	16,875	25,342	47,500	85,347	118,477	84,638	41,235	32,199	37,291	549,464

Table 7- 21 Balance Sheet Year Three

	<u>End of Year Two</u>	<u>End of Year Three</u>
Assets		
Current Assets		
Cash	2,175,468	2,833,621
Accounts Receivable	-	-
Inventory	-	-
Prepaid Expenses	84,233	0
Other Current	-	-
Total Current Assets	<u>2,259,701</u>	<u>2,833,621</u>
Fixed Assets		
Design and Renovation cost	250,000	250,000
Kitchen equipment	19,465	19,465
Restaurant equipment	44,482	44,482
0	-	-
0	-	-
0	-	-
Other Fixed Assets	<u>35,000</u>	<u>35,000</u>
Total Fixed Assets	348,947	348,947
Less: Accumulated Depreciation	48,912	73,368
Total Assets	<u><u>2,559,735</u></u>	<u><u>3,109,200</u></u>

Liabilities and Owner's Equity**Liabilities**

Accounts Payable

-

-

Notes Payable

-

-

Mortgage Payable

-

-

Credit Card Debt

-

-

Vehicle Loans

-

-

Other Bank Debt

-

-

Line of Credit Balance

-

-

Total Liabilities

-

-

Owner's Equity

Common Stock

2,500,000

2,500,000

Retained Earnings

59,736

609,200

Dividends Dispersed

-

-

Total Owner's Equity

2,559,736

3,109,200

Total Liabilities and Owner's Equity2,559,7353,109,200

Statement Balances

Statement Balances

6.7 Year End Summary

Table 7- 22 Year End Summary

	Year One	%	Year Two	%	Year Three	%
Income						
Meal Part	1,081,250		1,426,525		1,692,656	
Sake Part	962,000		1,419,470		1,703,364	
Beverage	274,550		376,168		470,209	
-	-		-		-	
Total Income	2,317,800	100.00%	3,222,163	100.00%	3,866,230	100.00%
Cost of Sales						
Meal Part	270,313		356,631		423,164	
Sake Part	384,800		567,788		681,346	
Beverage	27,455		37,617		47,021	
-	-		-		-	
Total Cost of Sales	682,568	29.45%	962,036	29.86%	1,151,531	29.78%
Gross Margin	1,635,233	70.55%	2,260,127	70.14%	2,714,699	70.22%
Total Salary and Wages	1,111,500	47.95%	1,144,845	35.53%	1,179,190	30.50%

Fixed Business Expenses

Advertising	42,000		43,260		44,558	
Car and Truck Expenses	-		-		-	
Bank & Merchant Fees	-		-		-	
Contract Labor	-		-		-	
Conferences & Seminars	-		-		-	
Customer Discounts and Refunds	6,000		6,180		6,365	
Dues and Subscriptions	-		-		-	
Miscellaneous	6,000		6,180		6,365	
Insurance (Liability and Property)	4,500		4,635		4,774	
Licenses/Fees/Permits	1,200		1,236		1,273	
Legal and Professional Fees	-		-		-	
Office Expenses & Supplies	1,200		1,236		1,273	
Postage and Delivery	-		-		-	
Rent (on business property)	460,800		506,880		557,568	
Rent of Vehicles and Equipment	-		-		-	
Sales & Marketing	-		-		-	
Taxes-Other	60,000		61,800		63,654	
Telephone and Communications	1,200		1,236		1,273	
Travel	-		-		-	
Utilities	30,000		30,900		31,827	
Total Fixed Business Expenses	612,900	26.44%	663,543	20.59%	718,931	18.60%

Operating Income (before Other Expenses) [EBITDA]	(89,168)	-3.85%	451,739	14.02%	816,578	21.12%
Other Expenses						
Amortized Start-up Expenses	84,233		84,233		84,233	
Depreciation	24,456		24,456		24,456	
Interest						
Commercial Loan	-		-		-	
Commercial Mortgage	-		-		-	
Line of Credit	-		-		-	
Credit Card Debt	-		-		-	
Vehicle Loans	-		-		-	
Other Bank Debt	-		-		-	
Taxes	-		85,457		158,424	
Total Other Expenses	108,689	4.69%	194,146	6.03%	267,114	6.91%
Net Income	(197,857)	-8.54%	257,593	7.99%	549,464	14.21%

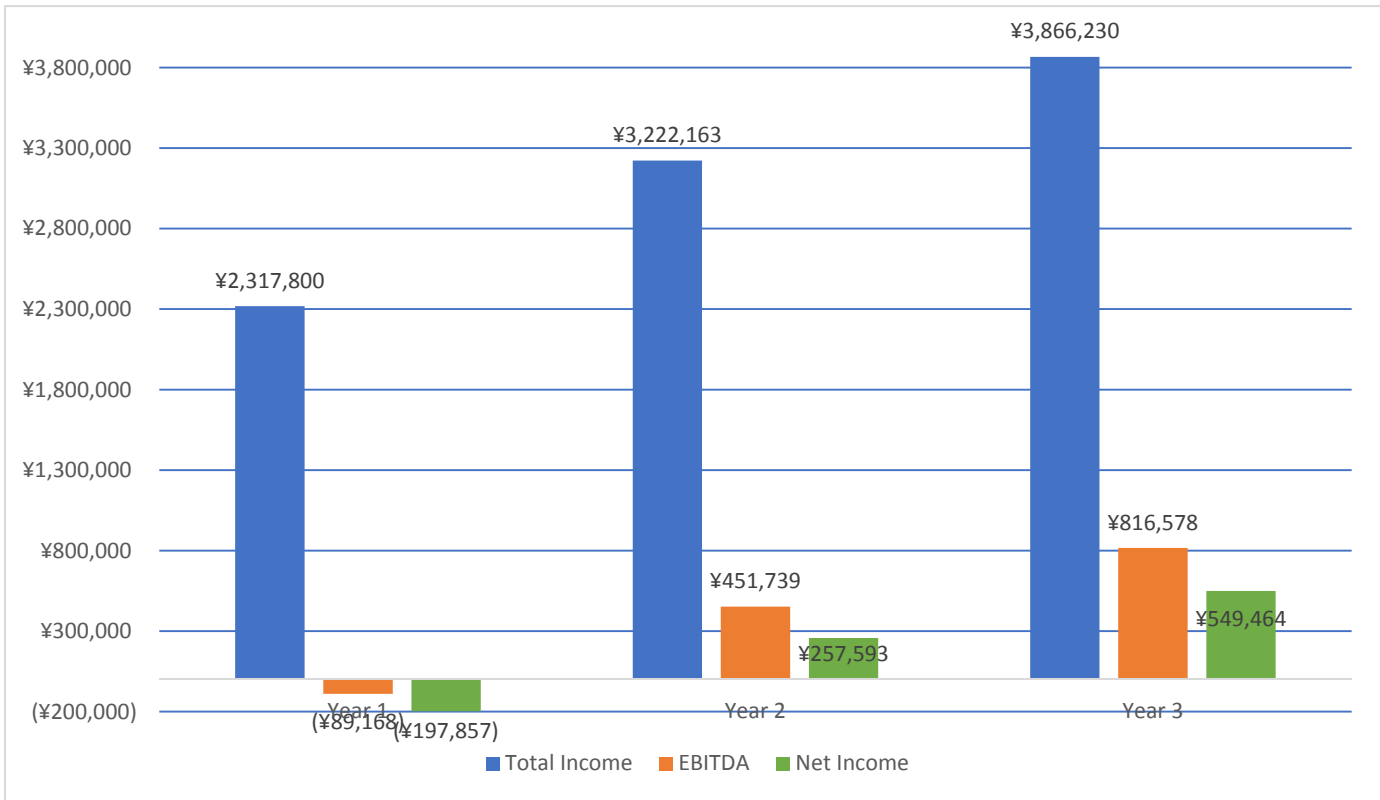


Figure 7- 8 Bar Chart of Year End Summary

Table 7- 23 Financial Ratio

Ratio	Year One	Year Two	Year Three
Liquidity			
Current Ratio	0.0	0.0	0.0
Quick Ratio	0.0	0.0	0.0
Safety			
Debt to Equity Ratio	0.0	0.0	0.0
Debt to Coverage Ratio	0.0	0.0	0.0
Profitability			
Sales Growth	0.0%	39.0%	20.0%
COGS to Sales	29.4%	29.9%	29.8%
Gross Profit Margin	70.6%	70.1%	70.2%
SG&A to Sales	74.4%	56.1%	49.1%
Net Profit Margin	-8.5%	8.0%	14.2%
Return on Equity	-8.6%	10.1%	17.7%
Return on Assets	-8.6%	10.1%	17.7%
Owner's Compensation to Sales	5.2%	3.8%	3.3%
Efficiency			
Days in Receivables	0.0	0.0	0.0
Accounts Receivable Turnover	0.0	0.0	0.0
Days in Inventory	0.0	0.0	0.0
Inventory Turnover	0.0	0.0	0.0
Sales to Total Assets	1.0	1.3	1.2

6.8 Breakeven Analysis

The following table clearly shows the breakeven in our restaurant. We use labor costs and fixed operating expenses as our calculation tools.

When our sales reach ¥ 2,478,851, we can achieve a flat deficit balance. According to estimates, we will be in the second year to break even.

Table 7- 24 Breakeven Point

Breakeven Analysis		Dollars	Percent
Annual Sales Revenue	\$	2,317,800	100.00%
Cost of Sales		<u>682,568</u>	<u>29.45%</u>
Gross Margin		1,635,233	70.55%
Salaries and Wages		1,111,500	
Fixed Operating Expenses		<u>637,356</u>	
Total Fixed Business Expenses		1,748,856	
Breakeven Sales Calculation		<u>1,748,856</u>	
		70.55%	
Breakeven Sales in Dollars	\$	<u><u>2,478,851</u></u>	

7. Contingency Plan

I envisioned several possible risks.

➤ **We cannot recruit Japanese chefs or shorts before opening**

In our business model, Japanese chefs are our most important resource and our biggest selling point. Before we start, if we cannot recruit enough chefs, we will pay the overtime pay overtime chefs and thank them for their hard work. At the same time, we will recruit some Chinese chefs who have been trained in Japan, through a period of training and then decide whether to let them take over the work of the chef.

➤ **Raw material prices rise**

In the face of a substantial rise in raw materials, we will advance to inform our consumers through a variety of channels, for what kind of reasons, we have to adjust the price of certain products. We sincerely explained with our customers and try to get their forgiveness, and promised we will continue to look for spare supply, once the raw material prices fall we will lower the price. In the event of change, the most important thing is to protect our customers the right to know.

➤ **After four months of opening, the customer was lower than expected**

I will increase the cost of the promotion, while analyzing the current customer groups and their consumer behavior. For example, more customers are come to restaurant before 10 o'clock, then we will increase the promotional efforts after 10 o'clock. If our customers are more from the local young people, then we will increase the local young people's promotion and publicity, while actively developing the Japanese community's restaurant awareness.

➤ **An accident occurred in the restaurant**

We will buy the relevant accident insurance, and develop a detailed warning program. Once an emergency occurs in the restaurant, our restaurant manager calls the ambulance and prepares the necessary fee before insurance. At the same time, we will actively accept the supervision by public and government.

REFLECTIVE STATEMENT

I got the idea of the deep night restaurant in 2016, and I got this inspired by the Japanese comic book called 深夜食堂. I think this is a great idea, especially in Shanghai, a world-class metropolis. More than 50,000 Japanese live in Shanghai, and Shanghai's Japanese cuisine is very popular. Many office workers have the habit of eating supper, I think this business plan is feasible. More importantly, the deep night restaurant is not just a restaurant, it is still a safe corner, a quiet haven. I think any one entrepreneur should have a greater ideals and minds, business in addition to creating profits, it is there any other meaning and value? I am glad that the late-night restaurant can do a little warmer than other Japanese cuisine.

Of course, this is not a perfect business plan. Based on geographical factors, during the preparation of this proposal, I was unable to travel to Shanghai for more extensive interviews and observations, so there was a lack of valuable primary data in the plan. This may give us trouble. So when I am ready to open my own business project, I will spend more effort on customer analysis and competitive analysis.

In addition, the Japanese mother chef is the biggest selling point of this restaurant, but I understand that this is actually difficult. In Japanese culture, usually women will quit their jobs after marriage, more Japanese women will become full-time housewives. In other words, we want to hire this group of people, even if they do not work in Japan, I did not think any special way to let them cross the cultural constraints, especially our business time is very late.

Before I came to Stamford international university, I thought I was a professional human resource practitioner. In the past, I would normally recommend that the management fit all the necessary manpower, but by having this independent study, I was well aware of the proportion of human costs in total revenue. This will let me look at the problem with a broader perspective in the future work.

Finally, I must say that I am very confident about this business plan. In the future, I will continue to optimize the project, and start my own business at the right time.

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