

## BUSINESS PLAN FOR OFFICES AND RESIDENTIAL BUILDING FACILITIES CHINA CIVIL ENGINEERING CONSTRUCTION CORPORATION ("CCECC")

### Introduction:

China Civil Engineering Construction Corporation (CCECC) was established in 1979 under the approval of the State Council of the People's Republic of China. As one of the pioneers performing international contracting and economic cooperation, CCECC has evolved from the earlier Foreign Aid Department of the Ministry of Railways of China into a large-scale state-owned enterprise with Chinese National Super Grade qualification for project contracting.

CCECC has taken root in East Africa ever since the 1960s when the company contracted the largest foreign aid project—Tanzania-Zambia Railway (TAZARA). On 1<sup>st</sup> January, 2007, upon the incorporation of the business in Tanzania, Rwanda and Uganda, CCECC was founded and headquartered in Tanzania. CCECC has made every endeavor to manage and develop the construction business in Tanzania, Rwanda Uganda and Burundi in accordance with the comprehensive planning of CCECC headquarters.

The predecessor of the company, CCECC Branch Office in Tanzania, has been established for more than 30 years since 1981. In 1983, CCECC entered Rwanda by building the economic assistance project—Rwanda National Stadium, offered by Chinese government. Due to the ethnic bloodshed, CCECC withdrew all the business in Rwanda in 1994. After eleven years absence, CCECC returned to Rwanda and set up its branch in 2005. In 1999, CCECC set up its branch in Uganda and in 2012, CCECC Burundi Limited was set up.

CCECC has registered as Class One Contractor in the field of Building, Civil Works, Plumbing & Sanitation, Mechanical and Electrical in Tanzania, and has been qualified to undertake construction contracting in Tanzania and neighboring countries like Rwanda and Uganda. By undertaking numerous key projects covering railway, highway, buildings, water supply & sanitation and real estate development, and with its excellent performance and quality service, CCECC has obtained its reputation and credit among East African countries. In the near future, CCECC will continue to carry out an even more extensive and deeper cooperation with friends all

over the world to promote common development and mutual benefits by contributing elite projects, expanding business scope, immersing into local community and fulfilling social responsibilities.

### Government relocation and acquisition of the property:

The decision to move the Government's headquarters from Dar es Salaam to Dodoma was originally taken by former President Julius Nyerere in 1973. During that time, the Tanzanian government wanted to move the capital from Dar es Salaam to a more central location to better serve the needs of the people. However, Nyerere's decision wasn't implemented due to financial constraints and economic difficulties.

However, the late Tanzanian President John Magufuli previously announced the shifting of presidential base from the commercial capital Dar es Salaam to the designate capital of Dodoma. Currently, all the ministries and a majority of government departments and agencies are already based in Dodoma. A lot of investment has already been sunk in Dodoma. CCECC as the private sector major in construction projects sees the Government's plan to move to Dodoma as a business opportunity since investments will be needed to meet the demand of the growing population.

CCECC has recently acquired the property from the Registered Trustees of Umoja wa Waalimu Wastaafu (Dodoma Retired Teachers Association) (DORETA) for the size of ten hectares, located at Plot no 1 Block "A" "C" centre Kisasa, in Dodoma, the capital city. As detailed here, the purposes for the plot acquisition will help CCECC's smooth administrative operations towards successfully implementing the government and donor-funded projects. All the employed expertise and local employees will be relocated from Dar es Salaam to Dodoma, the capital city.

### Industry Analysis:

Tanzania in recent years has witnessed growth in the construction industry. This includes both private projects such as residential and commercial real estate as well public projects such as construction of roads, railways, bridges, water systems, telecommunications, and air transport networks to name a few.

There has been a consistent, yearly increase in government spending on infrastructure this past decade which has acted as a stimulant for continued inflows of investments in the construction industry. The infrastructure sector has been the key beneficiary of 2021-22 budget as Tanzania commences the third phase of country's Five-Year Development Plan (FYTDP III).

Projects to be financed by the government under the plan include the construction of the Standard Gauge Railway (included in the TZS 1.19 trillion allocated for railways), construction of Julius Nyerere Hydropower Project (2,115 MW) (included in TZS 2.34 trillion allocated to power projects), strengthening Air Tanzania Company Ltd, and construction of Crude Oil Pipeline Project from Hoima (Uganda) to Chongoleani, Tanga (Tanzania), and the Busisi bridge in Mwanza.

### Market Analysis:

The Tanzania construction market research report provides detailed market analysis, information, and insights into the Tanzania construction industry, including the industry's growth prospects by market, project type, and construction activity. Furthermore, it provides critical insight into the impact of industry trends and issues, as well as an analysis of key risks and opportunities in the Tanzania construction industry. It gives an analysis of the mega-project pipeline, focusing on development stages and participants, in addition to listings of major projects in the pipeline.

### Objectives:

The objective of CCECC in the next five (5) years is to ensure of smooth implantation of construction projects. CCECC will focus on superior service for its client and each construction project will be managed from start to finish, with some services provided by employees of CCECC and some by subcontracted specialists who will be local Tanzanian companies.

### Management Team:

CCECC's most valuable asset is the expertise who have experience with previous construction projects, as mentioned above. Good project managers have specialized in different aspects of construction for the past ten years. CCECC will also employ experienced Tanzanian assistant

project managers to co-manage construction projects when multiple projects are running concurrently. They shall have construction and project management experience and spent significant time in the construction industry/field.

### Success Factors:

Following the acquisition of the land and completing the building of offices and residential facilities for its expertise, CCECC is uniquely qualified to succeed in implanting its construction projects due to the following reasons:

- will fill a specific market niche in the growing community we are entering. In addition, we have surveyed residents and real estate development companies and received extremely positive feedback saying that they would consider making use of our services when launched/open offices in the specific area.
- The location is in an economically vibrant area where new construction projects are on the rise and turnover occurs often due to the upward mobility of residents and companies.
- The management team has a track record of success in the construction business.
- The local area is currently under served and has few construction companies offering high customer service to construction projects clients.

### Financial Highlights

CCECC is seeking a total funding of US\$ 612,000 of debt capital to open its office. The capital will be used for funding capital expenditures and location build-out, hiring initial employees, marketing expenses and working capital.

Specifically, these funds will be used as follows:

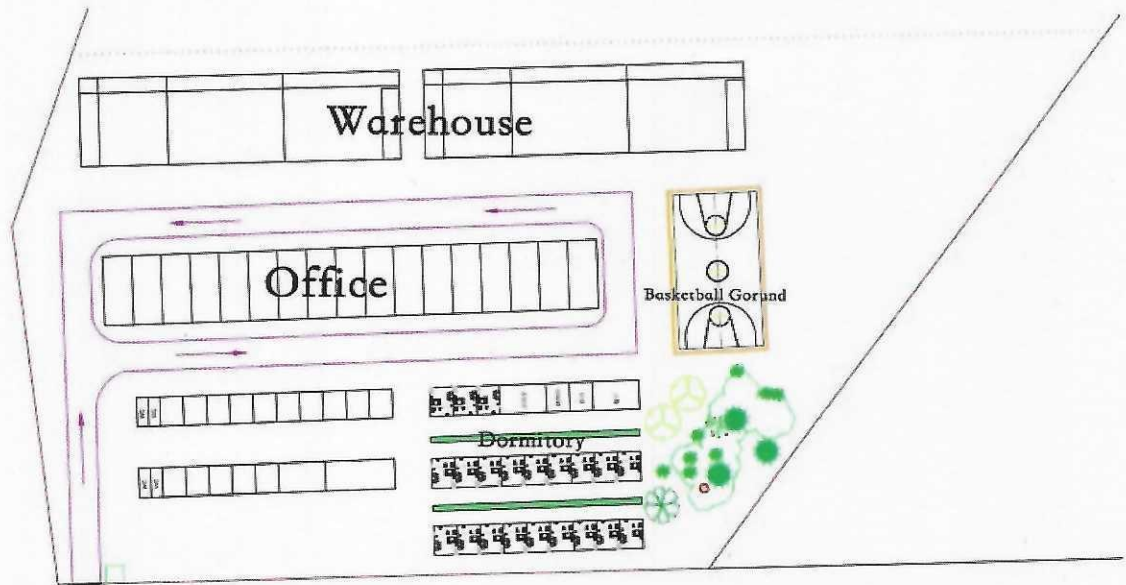
- Office design/build and equipment: US\$ 459,000.
- Working capital: US\$ 153,000 to pay for salaries

**Timeline of project implantation:**

<b>Construction phases</b>	<b>Activity</b>	<b>Target timeline</b>
Phase - 1	Design	3 months
Phase - 2	Mobilization	3 months
Phase - 3	Construction	24 months
Phase - 4	Completion for Acceptance	3 months

**Start-up Summary:**

Below is the indicative map and structural vision of the office and residential buildings in the acquired area:



Net Cash Flow	(1,015,000.00)	(2,651,000.00)	(4,320,000.00)	(2,165,000.00)	(2,600,000.00)	(3,905,000.00)	(2,960,000.00)	(5,670,000.00)	(2,020,000.00)	(2,630,000.00)	(3,905,000.00)	(2,960,000.00)
Net Cash Withdrawal	71,355,831.00	67,626,992.00	56,655,283.00	30,803,612.00	46,143,247.00	50,086,616.00	69,471,283.00	67,748,460.00	69,551,020.00	46,220,000.00	68,394,140.00	49,986,136.00

Table: Balance Sheet TSM (000')

Pro Forma Balance Sheet	Starting Balance	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Assets</b>													
<b>Current Assets</b>													
Cash	72,400,831.00	69,413,952.00	60,475,233.00	32,668,612.00	47,773,247.00	53,991,615.00	72,431,583.00	73,418,610.00	71,671,020.00	48,850,060.00	92,296,140.00	62,646,136.00	46,977,628.00
Accounts Receivable	83,651,075.00	80,854,356.00	82,439,973.00	74,872,882.00	74,188,693.00	74,338,032.00	74,694,488.00	68,073,699.00	36,624,139.00	250,207,947.00	253,611,173.00	246,626,251.00	46,878,628.00
Other Current Assets	5,913,892.00	5,913,892.00	5,913,892.00	5,913,892.00	5,913,892.00	5,913,892.00	5,913,892.00	5,913,892.00	5,913,892.00	5,913,892.00	5,913,892.00	5,913,892.00	5,913,892.00
<b>Total Current Assets</b>	<b>166,065,798.00</b>	<b>172,996,986.00</b>	<b>172,996,986.00</b>	<b>140,924,294.00</b>	<b>154,150,979.00</b>	<b>160,443,481.00</b>	<b>179,279,756.00</b>	<b>173,706,598.00</b>	<b>140,970,873.00</b>	<b>331,261,233.00</b>	<b>378,021,721.00</b>	<b>334,616,625.00</b>	<b>142,016,077.00</b>
<b>Long-Term Assets</b>													
Accumulated Depreciation	292,331,913.00	292,331,913.00	292,331,120.00	292,339,120.00	292,339,120.00	292,339,120.00	292,339,120.00	292,339,120.00	292,339,120.00	292,339,120.00	292,339,120.00	292,339,120.00	292,339,120.00
Other Long-Term Assets	116,784,881.00	116,784,881.00	116,784,881.00	116,784,881.00	116,784,881.00	116,784,881.00	116,784,881.00	116,784,881.00	116,784,881.00	116,784,881.00	116,784,881.00	116,784,881.00	116,784,881.00
<b>Total Assets</b>	<b>333,949,242.00</b>	<b>319,949,120.00</b>	<b>322,181,099.00</b>	<b>286,596,443.00</b>	<b>300,705,218.00</b>	<b>306,997,720.00</b>	<b>340,212,886.00</b>	<b>334,635,793.00</b>	<b>301,304,008.00</b>	<b>492,194,368.00</b>	<b>638,954,856.00</b>	<b>495,949,760.00</b>	<b>322,970,489.00</b>
<b>Liabilities and Capital</b>													
<b>Current Liabilities</b>													
Accounts Payable	-12,959,289.00	-26,498,639.00	-24,228,641.00	-34,719,810.00	-33,854,758.00	-31,028,186.00	-9,786,026.00	12,962,865.00	11,816,633.00	10,573,846.00	9,874,846.00	8,654,785.00	8,073,615.00
Other Current Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Current Liabilities</b>	<b>444,106,300.00</b>	<b>430,167,060.00</b>	<b>433,659,038.00</b>	<b>421,460,589.00</b>	<b>422,356,671.00</b>	<b>426,092,246.00</b>	<b>466,976,464.00</b>	<b>469,151,024.00</b>	<b>468,028,082.00</b>	<b>467,186,276.00</b>	<b>466,065,275.00</b>	<b>464,846,214.00</b>	<b>464,268,944.00</b>
<b>Long-Term Liabilities</b>													
Long-Term Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Long-Term Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>	<b>444,106,300.00</b>	<b>430,167,060.00</b>	<b>433,659,038.00</b>	<b>421,460,589.00</b>	<b>422,356,671.00</b>	<b>426,092,246.00</b>	<b>466,976,464.00</b>	<b>469,151,024.00</b>	<b>468,028,082.00</b>	<b>467,186,276.00</b>	<b>466,065,275.00</b>	<b>464,846,214.00</b>	<b>464,268,944.00</b>
<b>Capital</b>													
Profit	-110,757,148.00	-110,623,920.00	-111,267,978.00	-134,844,146.00	-121,630,454.00	-118,094,521.00	-126,762,669.00	-134,617,292.00	-161,722,000.00	-26,628,662.00	72,889,581.00	30,704,546.00	-141,598,454.00
<b>Total Capital Liabilities and Capital</b>	<b>333,949,242.00</b>	<b>319,949,120.00</b>	<b>322,181,099.00</b>	<b>286,596,443.00</b>	<b>300,705,218.00</b>	<b>306,997,720.00</b>	<b>340,212,886.00</b>	<b>334,635,793.00</b>	<b>301,304,008.00</b>	<b>492,194,368.00</b>	<b>638,954,856.00</b>	<b>495,949,760.00</b>	<b>322,970,489.00</b>

Table: Cash Flow Items (000)

Pro Forma Cash Flow	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Cash Received:</b>												
Cash from Operations	128,647,167.00	156,447,028.00	160,270,540.00	204,814,235.00	242,566,561.00	248,697,882.00	301,058,637.00	399,768,773.00	478,782,940.00	559,647,852.00	634,569,875.00	702,698,533.00
Subtotal Cash from Operations	128,647,167.00	156,447,028.00	160,270,540.00	204,814,235.00	242,566,561.00	248,697,882.00	301,058,637.00	399,768,773.00	478,782,940.00	559,647,852.00	634,569,875.00	702,698,533.00
<b>Additional Cash Received:</b>												
Sales Tax, VAT, Received	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Current Borrowings (Interest-Free)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Long-term Debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Long-term Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sales of Other Current Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sales of Long-term Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Investment Received	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Subtotal Cash Received</b>	<b>128,647,167.00</b>	<b>156,447,028.00</b>	<b>160,270,540.00</b>	<b>204,814,235.00</b>	<b>242,566,561.00</b>	<b>248,697,882.00</b>	<b>301,058,637.00</b>	<b>399,768,773.00</b>	<b>478,782,940.00</b>	<b>559,647,852.00</b>	<b>634,569,875.00</b>	<b>702,698,533.00</b>
<b>Expenditures</b>												
Commodities and Services	45,523,867.00	72,391,684.00	77,638,694.00	122,478,751.00	169,102,116.00	112,213,759.00	203,378,581.00	256,174,376.00	327,335,847.00	375,548,938.00	467,251,630.00	562,759,633.00
Employees	18,597,867.00	18,591,428.00	18,052,502.00	19,409,173.00	20,413,135.00	21,820,423.00	22,442,752.00	25,422,323.00	32,021,785.00	25,175,893.00	26,824,524.00	33,375,118.00
All Taxes of Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Cash Paid Relating to Operating Activities	3,291,807.00	6,595,829.00	31,602,318.00	15,153,065.00	59,059,705.00	42,232,398.00	1,818,844.00	46,601,184.00	70,575,319.00	66,620,094.00	87,547,184.00	70,656,028.00
<b>Subtotal Cash Paid for Operations</b>	<b>68,733,174.00</b>	<b>95,471,806.00</b>	<b>127,301,929.00</b>	<b>157,040,989.00</b>	<b>188,574,946.00</b>	<b>176,266,580.00</b>	<b>227,640,177.00</b>	<b>328,197,753.00</b>	<b>429,932,851.00</b>	<b>467,348,713.00</b>	<b>581,623,738.00</b>	<b>656,790,705.00</b>
Acquire Fixed Assets, Intangible Assets and Other Long-term Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash Paid to Acquire Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Other Cash Payments</b>	<b>68,733,174.00</b>	<b>95,471,806.00</b>	<b>127,301,929.00</b>	<b>157,040,989.00</b>	<b>188,574,946.00</b>	<b>176,266,580.00</b>	<b>227,640,177.00</b>	<b>328,197,753.00</b>	<b>429,932,851.00</b>	<b>467,348,713.00</b>	<b>581,623,738.00</b>	<b>656,790,705.00</b>
<b>Subtotal Cash Paid</b>	<b>68,733,174.00</b>	<b>95,471,806.00</b>	<b>127,301,929.00</b>	<b>157,040,989.00</b>	<b>188,574,946.00</b>	<b>176,266,580.00</b>	<b>227,640,177.00</b>	<b>328,197,753.00</b>	<b>429,932,851.00</b>	<b>467,348,713.00</b>	<b>581,623,738.00</b>	<b>656,790,705.00</b>
<b>Net Cash Flows</b>	<b>59,913,993.00</b>	<b>60,975,222.00</b>	<b>32,968,611.00</b>	<b>47,773,246.00</b>	<b>53,991,615.00</b>	<b>72,431,282.00</b>	<b>73,418,460.00</b>	<b>71,571,020.00</b>	<b>48,850,089.00</b>	<b>92,299,139.00</b>	<b>52,946,137.00</b>	<b>45,907,828.00</b>

Table: Profit and Loss (000')

Pro Forma Profit and Loss

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales	40,456,270.00	27,799,861.00	3,823,512.00	44,543,695.00	37,752,326.00	6,131,301.00	52,360,773.00	98,710,135.00	79,014,157.00	80,854,912.00	74,922,022.00	69,128,539.00
Direct Cost of Sales	39,749,970.00	28,032,487.00	26,925,050.00	20,079,051.00	28,145,958.00	12,446,573.00	59,591,417.00	131,989,238.00	136,842,080.00	32,904,473.00	131,033,845.00	259,153,000.00
Total Cost of Sales	706,399.00	-232,626.00	-23,101,538.00	24,464,644.00	9,606,368.00	-6,315,272.00	-7,230,643.00	-33,279,102.00	215,856,247.00	47,950,039.00	-55,081,824.00	-155,534,560.00
Gross Margin %	1.7%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Expenses	32,774.00	38,722.00	43,512.00	37,058.00	151,365.00	155,712.00	49,541.00	21,311.00	21,559.00	46,593.00	48,591.00	36,572.00
Payroll	0.00	0.00	0.00	0.00	236,445.00	16,179.00	11,834.00	0.00	0.00	17,581.00	19,000.00	23,153.00
Dates and Marketing and Other Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gasoline and Oil	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Telephone	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Real Estate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payroll Taxes	5,668.00	5,905.00	5,107.00	5,033.00	5,564.00	5,447.00	2,648.00	3,548.00	2,659.00	3,548.00	4,035.00	2,415.00
Travel	508,418.00	326,945.00	347,148.00	158,232.00	819,810.00	235,015.00	103,394.00	334,915.00	57,584.00	17,565.00	17,565.00	137,633.00
Entertainment	546,260.00	352,094.00	416,600.00	220,356.00	1,215,685.00	420,744.00	170,140.00	401,820.00	88,744.00	311,320.00	203,237.00	203,011.00
Total Operating Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial Costs	25,912.00	48,467.00	68,029.00	68,029.00	33,333.00	737,702.00	65,875.00	14,000.00	52,048.00	46,099.00	35,623.00	32,570.00
Bank Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign exchange loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Financial Costs	26,912.00	48,467.00	68,029.00	68,029.00	33,333.00	737,702.00	65,875.00	14,000.00	52,048.00	46,099.00	35,623.00	32,570.00
Operating Profit	133,228.00	-634,069.00	-23,586,169.00	12,213,692.00	3,535,932.00	-7,698,048.00	-8,794,653.00	-32,214,822.00	191,766,146.00	47,851,488.00	-42,185,035.00	-172,703,600.00
Accumulated Net Profit/(Loss) after Tax	-110,623,920.00	-110,623,920.00	-111,257,978.00	-134,844,146.00	-121,630,454.00	-125,752,569.00	-134,517,232.00	-159,732,054.00	-155,732,054.00	-155,732,054.00	-155,732,054.00	-155,732,054.00
After Tax Profit/(Loss) For The Year	-110,623,920.00	-111,257,978.00	-134,844,146.00	-121,630,454.00	-118,094,521.00	-125,752,569.00	-134,517,232.00	-159,732,054.00	-155,732,054.00	-155,732,054.00	-155,732,054.00	-155,732,054.00