

BUSINESS PLAN

2023 - 2027

**ZHONGPENG METAL INDUSTRY
(TZ) COMPANY LIMITED**

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CHAIRPERSON'S NOTE

I am pleased to provide the business plan for the ZHONGPENG METAL INDUSTRY (TZ) COMPANY LIMITED for the production nails and wire mesh and importation and sale of building material with this responsibility and Accountability of the Board of Directors prepare a multi-year performance-based plan every five years, commencing 2023. The plan is a five years plan commencing October, 2023.

In preparing business plan, the Board of Directors considered the strategic directions of the Society services and has determined that the Society business plan provides an overview of the Society and identifies the strategic issues and goals to be accomplished during the next couple of years. The Board of Directors is accountable for the preparation of this plan and for the achievement of the specific issues and goals contained therein.

The company seeing the opportunity in the development of the industrial sector and its expansion in Tanzania, the company has decided to explore the sector and provide the service in the production, importation and sale of building material in over whole the country: So that to reach more people who involve themselves who in building sector.

Tanzania like many other developing nations is going through a period of massive change to cope with the effects of globalization and market liberalization. The Tanzania construction market size was \$30.6 billion in 2022. The market is projected to achieve an AAGR of more than 7% during 2024-2027, supported by developments in transport, housing, and industrial infrastructure, **Commercial construction, Industrial construction, Infrastructure construction, Energy and utilities construction, Institutional construction and Residential construction.**

Our Society has therefore had to adapt to the new realities and new demands by our members. While our Society has been self sufficient in terms of meeting loan portfolio requirements, the demand for new products has necessitated the Board to prepare this Business plan in order to provide better services and direction.

I believe with this Business plan our Society will be well positioned to offer our members the services expected and thus continue to serve our mission

Thank you

Mr. GAO JIE
Chairperson

EXECUTIVE SUMMARY

The business plan should be an integral part of the management and oversight of a Society's field of membership expansion. And this plan establishes the company's goals and objectives for the proposed expansion.

This business plan should be a comprehensive plan, which is the result of in-depth planning by the Society's Board and management. It should realistically forecast market demand, member base, competition, and economic conditions. The plan must reflect sound Society principles and demonstrate realistic assessment of risk in light of economic and competitive conditions in the geographic area to be served.

The business plan should cover all areas of the plant and the project detailed explanations of actions that are proposed to accomplish the primary functions of the Society. The descriptions should provide enough detail to demonstrate that the Society has a reasonable chance for success, will operate in a safe and sound manner, and will maintain adequate capital to support its operations.

There are three important benefits of having a formal business plan. First is that a business plan will be an essential part of any request for financing. A well-prepared plan improves your chances of getting the funds you want. Second, it can serve as a guide for policies and actions for your firm over a number of years. Strategies and statements should be well thought out, unambiguous, and capable of being carried out. Third, the process of preparing the plan will enable, if not force, you to focus on issues that are essential for the future success of your business.

The task therefore is to focus on the key cooperative principle: to provide liable building material to the whole country.

To achieve their goals, Society will ensure that the capacity is strengthened the company needs to be commercially viable enterprises, able to survive and prosper in the marketplace.

To be sustainable, Company has to be run on a business-like footing. In contrast to other business, however, the rewards from their trading activity are available to be shared between all the members collectively.

INTRODUCTION

The Board of Directors and Senior Management staff of the company met to establish goals and a strategy to achieve those goals for the coming five years. The purpose of this Strategic Plan is to outline the strategy by which

we plan to meet our goals. The Strategic Plan is to be used:

- To participate fully in manufacture of the building material.
- To identify short-term actions needed to prepare the Society to meet its long-term objectives.
- To help assess the long-term impact of short-term plans.
- To provide a basis for financial strategy; and
- To provide a control device against which to compare actual progress.

4.0 BACKGROUND

ZHONGPENG METAL INDUSTRY (TZ) COMPANY LIMITED is a company incorporated under Tanzanian Law.

BRIEF HISTORY OF THE BUSINESS AND OUTLOOK OF THE BUSINESS STRENGTH AND GROWTH POTENTIAL.

ZHONGPENG METAL INDUSTRY (TZ) COMPANY LIMITED is the company registered in Tanzania under the Companies Act, 2002, with the majority shareholders Chinese, is the company dedicated itself in the industrial sector especially in the production of the building materials wire mesh and nails.

ZHONGPENG METAL INDUSTRY (TZ) COMPANY LIMITED has prepared this Strategic Business Plan (SBP) to describe its strategy and during operation its focus will be to increase its production by 5M tones each year. It is recommended that the company will look to open the door to other production of other products in future different from wire mesh and nails. It is expected that this change would help the Society to generate more income and supply of quality and quantity building materials over whole the country. But also the company is dedicated to provide employment to the local people and bring in the foreign expert who will share knowledge with local employees.

But also the company truly has decided to participate itself in the development of the ever whole and fast development of industrial sector in Tanzania in Tanzania in recent years.

The company shall be operating in Pwani-Tanzania currently, in future the company will establish itself in the following regions at:

- i) Mwanza
- ii) Mbeya
- iii) Arusha
- iv) Zanzibar
- v) Mtwara
- vi) Dodoma
- vii) Tabora

- viii) Kigoma
- ix) Shinyanga
- x) Iringa
- xi) Bukoba
- xii) Tanga
- xiii) Musoma
- xiv) Moshi
- xv) Morogoro

The Head Office is situated Plot 120 Block BMISUFINI-MLANDIZI-KIBAHA-PWANI

MANAGEMENTANDOWNERSHIP

AGM,BOARDOFDIRECTORS,MANAGERANDSTAFF

ownedbymembers

BusinessDescription

Manufacture and sale of building materials; wire mesh and nails.

MajorCustomers

1. The Builders,
2. Contractors,
3. Architects
4. Distributors and
5. Whole and retail sellers of building materials.

Productsand services

1. Production of wire mesh and nails.
2. Sale of wire Mesh and nails.

Potentialproducts-

1. Wire mesh.
2. Nails.

Shareholder Structure of the Company.

Name,	Number of shares taken by each subscriber	Share percent %
GAO JIE-CHINESE	500	50
WENG LEI-CHINESE	500	50

CURRENT POSITION AND FUTURE OUTLOOK

The company establishes one plant at Kibaha-Mlandizi and the number of plants will increase as there will be other plants opened up to the other regions and planned internal promotional activities are implemented. It is targeted to increase production by 30% per year.

Vision

Our long-term The most trusted, respected, and sought after financial institution providing value-based innovation, financial education and support to our member-owners, employees, Volunteers, and communities we serve

Mission

A strong, member financial cooperative providing value through:

- Meeting members' needs with quality services and products,
- Caring for members at every contact, and
- Enhancing the communities we serve through volunteerism and leadership. Ultimately, we embrace the Society difference by bringing people together to achieve a better life for themselves and their communities.
- To meet the needs of the industrial world by providing superior service and high quality products, with integrity and honesty.

We have a passion for innovation.

We love what we do and it shows in the excellent service we offer to

members. We share ideas and proactively look for ways to become more efficient and effective.

We engage inspired teamwork.

We are a team and we collaborate with each other to ensure we make use of the intellectual capital and know-how at ZHONGPENG METAL INDUSTRY (TZ) COMPANY LIMITED. We demonstrate a high level of enthusiasm, fun, and excitement.

We help our members, communities and each other.

We provide “help” to our key stakeholders, thereby helping them achieve their goals.

To continuously offer services and products that meet the changing needs of our members and to become the preferred service provider of building material to our customers, through continuous technological and customer care improvements with qualified and motivated employees, and contribute to national development and reducing the poverty

The Society is a member-owned financial institution whose purpose is to promote the financial well-being of its members by providing comprehensive and progressive financial services and having access to a Society system that is strong, stable and successful.

Operating Principles:

- To provide these services in a professional, personal, and competitive manner,
- To provide a climate in which the Society volunteers and employees can achieve outstanding performance and personal growth.
- To support the advancement of our community, the Society philosophy, and in particular our own Society family
- To continue the emphasis of the Society strength through growth of capital and surplus.

All of which shall be supported by a program of excellence in product quality and service while maintaining high standards of ethics and integrity

Objectives

ZHONGPENG METAL INDUSTRY (TZ) COMPANY LIMITED is committed to being a sound, progressive, and growing manufacturer of building material by providing the members with superior building material services and products while maintaining our traditional values.

- To provide products that meet member needs and are deemed necessary to compete effectively in the marketplace.
- To manage effectively the physical and financial resources of the customers to make sure that they get reliable products.
- To provide an environment that will attract, develop, and retain the

- human resources necessary to deliver a high level of member service.
- To maintain a structure that provides vision, integrity and leadership to the organization.
- To manage the Society in a socially responsible manner as a good corporate citizen
- To maintain and uphold the principles of co-operation in the continuing development of the Society system in Tanzania and elsewhere.

10.0 Values and Goals

INTEGRITY: We are truthful, accountable and faithful to our commitments,

RESPECT: We treat all members with equal dignity regardless of standing or position

EXCELLENCE: Our work is performed to the highest standards.

FLEXIBILITY: In every interaction we look for the conditions that will allow us to say “yes”.

Ethics

- We adhere to an uncompromising standard of ethical conduct and integrity, including trust and respect for each other, our customers.
- We will be financially responsible in everything we do to ensure continued success.

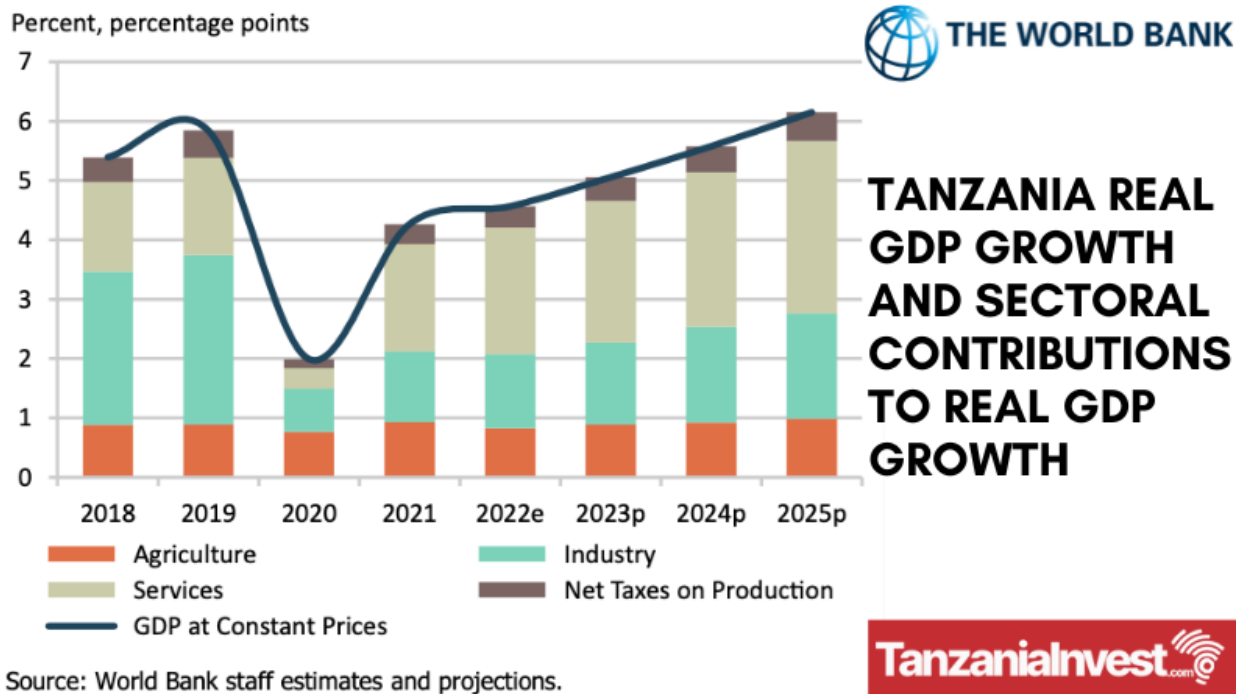
Member Driven

- We are fundamentally committed to serving our customers with the best building products.
- We recognize the importance of listening closely to our customers and communities to better understand their unique requirements. Anticipating their needs and providing creative solutions are key to our mutual success.

SUMMARY OF SECTOR PERFORMANCE

The manufacturing sector in Tanzania is still small but has a significant contribution to the country's overall GDP. OVER the past decade the sector has averaged 8% of the GDP and 4% annual growth rate. Most of the manufacturing activities is centered on simple and consumer products such as foods, beverage, tobacco, textiles, chemicals, plastics wood and steel allied products.

The recent development agenda in the country has brought industrial development back as one of the country's policy priorities. Policy makers have made it a point to lead the process of transforming the country's economy from low productivity and low growth to high productivity and dynamic economy, associated with structural change and the sustained growth.



The Consumer Goods Retail subsector consists of the Multiline and Specialty Retailers & Distributors and E-commerce industries.

The Multiline and Specialty Retailers & Distributors industry encompasses a variety of retailing categories such as department stores, mass merchants, home products stores, and warehouse clubs, as well as a smaller segment of distributors like electronics wholesalers and automotive wholesalers. Common to these companies (except for the distribution segment) is that they manage global supply chains to anticipate consumer demands, keep costs low, and keep products stocked in their brick-and-mortar storefronts. This is a highly competitive industry, in which each company category generally has a small number of key players, characterized by generally low margins. The relatively substitutable nature of retail makes companies in this industry especially susceptible to reputational risks.

The E-Commerce industry is composed of firms that provide an online marketplace for other firms or individuals to sell their goods and services, as well as retailers and wholesalers that provide an exclusively web-based platform for consumers to buy goods and services. Firms in this industry sell to consumers as well as to other businesses. Because of the accessibility of e-commerce sites, the industry is a global marketplace for buyers and sellers. Note: The industry scope exclusively applies to “pure-play” e-commerce operations and does not address the manufacturing or brick-and-mortar retail operations of companies. Many consumer goods manufacturers and retailers have incorporated, or are in the process of incorporating, an e-commerce component to their business. SASB has separate standards for the Multiline and Specialty Retailers & Distributors (CG-MR); Apparel, Accessories & Footwear (CG-AA); and Toys & Sporting Goods (CG-TS) industries. Depending on the specific activities and operations of firms in the aforementioned industries, disclosure topics and accounting metrics associated with the E-Commerce industry standard may also be relevant.

Currently the domestic value addition is limited by the dependence of the imported intermediate

goods, signifying limited inter-industry linkages that are important for promoting domestic manufacturing base and employment. Various technological, financial, policy and administrative support constraints remain unresolved and therefore limiting faster industrial and transformation. This could also serve as opportunity foreign companies to supply services and technologies to fill this gap.

Summary of sector performance according to the World Bank Report of Tanzania economic growth in 2022 and 2023.

According to the data of Bank of Tanzania Industry and construction 31% of the country total GDP, wholesale and retail trade; repairs 9% of the total GDP.

Constraints and challenges facing manufacturing sector.

There are many constraints and challenges facing the emerging manufacturing firms in Tanzania. The survey underscored five broad categories of the country's major hurdles: (i) technical problems; (ii) administrative matters; (iii) market challenges; (iv) financial barriers and (v) policy issues. The survey revealed that generally all firms confront these obstacles. In this section, we analyse the main issues hindering the manufacturers of the country.

MARKETING STRATEGIES

Distribution of Building material will begin in the local area at PWANI and nearby regions at Dar es Salaam, Morogoro, Tanga and Dodoma. The building material have an established name and reputation in this area, and product introductions should encounter little resistance to the consumers. The managers and directors of ZHONGPENG METAL INDUSTRY (TZ) COMPANY LIMITED to the consumers such as , have indicated that they are willing to carry the products.. It is also important to note that ZHONGPENG METAL INDUSTRY (TZ) COMPANY LIMITED puts an emphasis on specialty Building material products in addition to the present existing products.

ZHONGPENG METAL INDUSTRY (TZ) COMPANY LIMITED provides materials such as wire mesh and nails, as part of the renovation services. All of the materials selected will be of the best available quality suitable for the purpose.

The building subsector in Tanzania has already the existing clients and the competitors too. ZHONGPENG METAL INDUSTRY (TZ) COMPANY LIMITED has put strategy for the market so that to march the already existing competition by selling best quality building materials and invest enough capital.

SUMMARY OF PROJECT DESCRIPTION.

PROJECT NAME	ZHONGPENG METAL INDUSTRY (TZ) COMPANY LIMITED
ANNUAL PRODUCTION CAPACITY.	60,000,000 TONS PER YEAR.
EMPLOYMENT	THE PROJECT INTENTS TO EMPLOY MORE THAN 27

CREATION.	<p>EMPLOYEES AT THE RATIO OF; 10- SKILLED LABOURS. 17-UNSKILLED LABOURS. 24-LOCAL EMPLOYEES. 3-FOREIGN EMPLOYEES. THE NUMBER IS NOT FIXED SHALL BE INCREASING AS THE PROJECT EXPAND EACH AND EVERY TIME.</p>
TECHNOLOGY USED IN MANUFACTURE OF WIRE MESH AND NAILS.	<p>Wire drawing. The first stage and its off-set involve shell peeling followed by decaling the wire. Once that is done, you can draw the coil to the diameter that you want.</p> <p>Nail making. The nail making machine and its auxiliary components then make the required nail.</p> <p>Nail polishing. The nail making machine punches the head to form a cap, your nail will need polishing. It is a task destined for the nail polishing machine. It mixes nails with sawdust synchronously to help achieve the required brightness.</p> <p>Metering and packing.</p> <p>Then what tungsten carbide tools will be used for nail making, Please check the below photo to have a rough impression of the nail making.</p> <p>Resistance welding process.</p> <p>This is a welding technology in which the wire is melted under pressure with maximum current. Thus, the mesh/wire/panel wire is stronger, more aesthetic and the welding braces are more durable.</p>
TRANSFER OF TECHNOLOGY.	<ul style="list-style-type: none"> • Holding a workshop where everyone tries out the new tech and compares it to the old. A virtual classroom is a useful option. It provides an engaging environment for learners to develop their skills and enables you to gather vital data on how successful the training is. • Having a friendly competition where one team uses the old tech and one team uses the new tech to see which is better. Use training software with integrated gamification with leaderboards and reward badges for encouraging employees to participate. • Training of staffs

PROJECT INVESTMENT COST.

Land/Building,	20,000,000/=
Plant ,	100,000,000/=
Furniture and Fittings	6000, 000/=
Working Capital	250,000,000/=
Total	381,000,000/=

PROJECT IMPLEMENTATION SCHEDULE

AT RISK	TASK NAME	ASSIGNED TO	START DATE	END DATE
01.	Industrial Services Marketing campaign.	DIRECTORS	06/10/2023	19/10/2023
02.	Services development	MANAGERS	20/10/2023	31/10/2023
03.	Service Associate selection and training	MANAGERS	01/11/2023	15/11/2023
04.	Outsourced product line development	MANAGERS	16/11/2023	30/11/2023
05.	Complete equipment selections and installations	MANAGERS	01/12/2023	15/12/2023
06.	Managers selections and training begin	MANAGERS	31/12/2023	01/01/2024
07.	Contractors selections for services and products	DIRECTORS	15/01/2024	31/01/2024
08.	Industrial services location	DIRECTORS	01/02/2024	28/02/2024
09.	Sale staff and retailers training	HEAD OF HUMAN RESOURCE	01/03/2024	30/03/2024
10.	Back office training	DIRECTORS	01/04/2024	30/01/2024
11.	Applying in others provinces	DIRECTORS	01/05/2024	30/05/2024
12.	First sale of the building material sell	COMPANY EMPLOYEES	01/06/2024	

CASH FLOW STATEMENT PROJECTION.

ZHONGPENG METAL INDUSTRY(TZ) COMPANY LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2027

	Notes	2027 TZS	2026 TZS	2025 TZS	2024 TZS	2023 TZS
CASH FLOW FROM OPERATING ACTIVITIES						
Profit/(Loss) for the for the year		570,000,000	390,000,000	195,000,000	120,000,000	15,000,000
Adjustment for						
Depreciation expense	7	114,381,313	106,881,313	69,381,313	50,631,313	
		<u>684,381,313</u>	<u>496,881,313</u>	<u>264,381,313</u>	<u>170,631,313</u>	<u>15,000,000</u>
		684,381,313	496,881,313	264,381,313	170,631,313	15,000,000
Movements in working capital						
(Increase)/decrease in trade and other receivables		(15,000,000)	(30,000,000)	19,000,000	(24,000,000)	(20,000,000)
Increase/ (decrease) in trade and other payables		(20,000,000)	(50,000,000)	(18,000,000)	120,000,000	50,000,000
Increase/ (decrease) in Stock		320,000,000	124,000,000	(238,000,000)	(408,000,000)	(91,000,000)
Increase/ (decrease) in Loan						
Net change in working capital		<u>285,000,000</u>	<u>44,000,000</u>	<u>(237,000,000)</u>	<u>(312,000,000)</u>	<u>(61,000,000)</u>
Net cash flow generated/(used) from operating		969,381,313	540,881,313	27,381,313	(141,368,687)	(46,000,000)
CASH FLOW FROM INVESTING ACTIVITIES						
Purchase of equipment/LAND		(30,000,000)	(150,000,000)	(150,000,000)	(1,500,000,000)	(100,000,000)
		<u>(30,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash outflow from investing activities		(30,000,000)	(150,000,000)	(150,000,000)	(1,500,000,000)	(100,000,000)
CASH FLOW FROM FINANCING ACTIVITIES						
Capital introduced and paid		-		700,000,000	1,900,000,000	400,000,000
Net cash flow from financing activities		<u>-</u>	<u>-</u>	<u>700,000,000</u>	<u>1,900,000,000</u>	<u>400,000,000</u>
Net increase/(decrease) in cash and cash equivalent		939,381,313	390,881,313	577,381,313	258,631,313	254,000,000
Cash and cash equivalents at 01 January		1,480,893,939	1,090,012,626	512,631,313	254,000,000	-
Cash and cash equivalents at 31 December		2,420,275,253	1,480,893,939	1,090,012,626	512,631,313	254,000,000
Represented by:						
Cash and cash equivalent		2,420,275,253	1,480,893,939	1,090,012,626	512,631,313	254,000,000
Check		-	-	-	-	-

INCOME STATEMENT

Balance sheet	2023	2024	2025	2026	2027
Fixed assets	150,000,000	200,000,000	260,000,000	149,000,000.00	590,000,000.00
Current assets	19,580,000	207,546,650	240,000,000	250,000,000.00	2,500,000,000.00
Current Liabilities	185,000,000	216,292,750	17,000,000	1,735,000,000.00	150,000,000.00
Net Current assets	-138,745,800	-217,492,200	-253,056,800	(138,700,000.00)	(6000000000)
Net assets	291,520,800	130,000,000	294,573,100	258,000,000.00	250,000,000.00
Income statement					
Financed by					
Accumulated surplus	291,520,800	310,344,800	294,573,100	51,630,000.00	300,344,900.00
Total income	78,447,600	89,297,700	71,674,600	89,297,000.00	40,900,000.00
Total expenses	37,458,800	65,016,200	51,635,200	37,458,000.00	65,160,000.00
Net income	40,988,900	24,281,600	20,039,400	291,000,000.00	409,880,000.00

Conclusion

Over the past couple of years, Tanzania has made tremendous progress in industrial sector development. This plan has outlines our strategy form 2023 to 2027 and beyond. By working vigilantly to achieve our objectives, we will continue to engage the society in development of the industrial sector , more competitive building material industrial sector which provides a top quality service to its members, and a climate in which our volunteers and employees can achieve outstanding performance and personal growth.