

DRAGON OIL TANZANIA LTD

BUSINESS PLAN

ELABORATES STRATEGIC TARGET AND INVESTMENT
PROGRAM FOR SETTING UP AN LUBRIANT OIL
FACTORY IN MKURANGA DISTRICT COASTAL REGION.

EFFECTIVE FROM:2024/7/6

DRAGON OIL TANZANIA LTD

TABLE OF CONTENT

CHAPTER I: INTRODUCTION	1
CHAPTER II: BRIEF INTRODUCTION TO THE COMPANY.....	3
CHAPTER III. BUSINESS DEVELOPMENT PLAN.....	5
CHAPTER IV MANAGEMENT OF THE COMPANY.....	7
CHAPTER V. MARKET ANALYSIS.....	9
CHAPTER VI: PROCESS OF PRODUCTION	12
CHAPTER VII: FINANCIAL PROGRAM.....	16
CHAPTER VIII CONCLUSION AND RECOMMENDATION.....	20

DRAGON OIL TANZANIA LTD

1 CHAPTER I: INTRODUCTION

This document mainly elaborates strategic target and investment program of setting up an lubricant oil factory in Mkuranga-Pwani Region. Advantages of the company are analyzed in terms of financial situation, management system, sales channel, and human resources etc. This document also investigate margin of market demand as well as the situation of competitors. Corresponding measures are also programmed. In financial aspect, forecast is made from periodic input of investment to payoff term thereof, balance between expenses and receipts, distribution of profits and so on.

This document includes eight chapters.

Chapter one is the scope of responsibilities on management staff.

Chapter two is work standard on execution of work of all management department, production department and auxiliary department. Standard on foundation, course and results of each task of different department are clarified and elaborated.

Chapter three is quality responsibilities which extends detailed standard on quality responsibilities of all management staff on all levels and every worker on his/her post.

Chapter four is assessment standard which extends standard to assess the result of all work, including time, scope, process and course of assessment. Sustainable improvement correctness and prevention measures are also regulated. This is a document with high practical value.

Chapter five up to eight

DRAGON OIL TANZANIA LTD

2.CHAPTER II: BRIEF INTRODUCTION TO THE COMPANY

Herocean Pan-African Network Group, founded in 2008, is a China-Africa supply chain platform enterprise integrating international logistics, African industrial trade and information technology with its headquarters in Shanghai, China. It has more than 10 wholly-owned or holding subsidiaries and is distributed in 39 city outlets in Asian and African countries, such as Chinese Mainland, Hong Kong, Tanzania, Kenya, Rwanda, Uganda, Zambia, the Democratic Republic of the Congo, Mozambique, Malawi, Ghana, Angola, etc. The compound growth of the group's business each year exceeds the average of the same industry for more than 10 consecutive years.

Dragon Oil Tanzania limited, founded in 2018, is a lubricant oil company controlled by GENERAL FORTUNE (SINGAPORE) INDUSTRY & TRADING PTE LIMITED which has many years of operational experience in Africa, especially in East Africa. The compound growth of the group's business each year exceeds the average of the same industry for more than 10 consecutive years.

Dragon oil Tanzania limited is located at Plot No. Region Pwani, District Mkuranga, Ward Kimanzichana, Postal code 61512, Street kisemvule, Road Kilwa road, Plot number 9, less than 30 km from the port of Dar es Salaam, and the drive is about 1 Hour. The project is planned to cover an area of 1.2 acres in the Herocean Industrial Park.

The principal business for which the company was established is manufacturing of lubricant oil used by engines of all kinds of machine.

Nature of the Company: Private Owned Company

Industrial Category: Manufacturing (light industry) and Logistics

The Dragon Oil project will use advanced technology which was polished and tested in China for more than 20 years and the products produced by that technology has always been welcome in the market. The company will therefore be capable enough to execute effective control over production and execute efficiently according to market demand. Complete management system guarantees regular operation of the company. The Dragon oil project is capable enough to face any quality control system and obtain any certificate on quality control.

DRAGON OIL TANZANIA LTD

Product scope of the project: This project mainly focuses on the lubricant oil for all kinds of construction machinery, such as trucks and excavators. The varieties of lubricant oil include Internal combustion engine oil, turbine oil, compressor oil, refrigeration oil, and cylinder oil, etc.

We will introduce world-class production line of lubricant engine oil to Tanzania, increasing Tanzania industrial ability in the field of oil making.

OUR VISION

Establishment of lubricant oil distribution network for every country in East Africa.

OUR MISSION

Helping the engines of construction machines run smoothly.

Quality guarantee: Depending on the market experience from the high-up, company in Tanzania, the company enjoys advanced technical process, reliable control over productive process, and professional management system.

Personnel training: The company execute overall training program for its personnel with local employees as the majority. Through training on management, technical and process, productive operation and so on, the company will foster high level management team, engineering and technological team, production operation team and professional marketing team. Thus the company will become more localized soon as possible.

DRAGON OIL TANZANIA LTD

3 CHAPTER III. BUSINESS DEVELOPMENT PLAN

3.1 Environment Investment of Tanzania

Dragon Oil Tanzania limited is going to invest and set up a factory in United Republic of Tanzania particularly Mkuranga District in Coastal Region, with convenient transportation in terms of road connecting the busy city of Dar es salaam rich human resources and complete infrastructure.

Preferential investment policies, stable social order and friendly people combine to forge sound investment environment for us, It is for above mentioned factors that Mkuranga District was selected to set up a factory therefore Dragon Oil Tanzania limited was established to operate a long-term business Projects to support the industrialization Policy of this beautiful land.

Since President Xi Jinping's visit to Tanzania 10 years ago. China's investment in Tanzania has hit\$1.8 billion. We found it necessary to invest in Tanzania for its optimistic market prospect. The government of Tanzania requires that high quality building materials should be applied in all civil construction.which indicates great market potential.

Our products,upon entrance into Tanzania market will meet such increase of demand. We willing introduce world-class production line of lubricant engine oil to Tanzania, increasing Tanzania industrial ability in the field of oil making. The goal is to fully meet the needs of East African construction industry.

We do believe that what makes investors more confident is that government of Tanzania through its industrialization policies provides preferential to foreign investments and has done a lot to ensure social-economic growth and political stability. We have learned that many inspected and approved enterprises may enjoy tax exemption and have a lot to gain from Tanzania Investment Centre.

DRAGON OIL TANZANIA LTD

3.2 Major Investment Projects and Plan

Upon sufficient investigation to Tanzanian market, we made the decision to invest in Mkuranga. The Industrial Park Project in Coastal Region is a Business Hub for the distribution of final products. Therefore, it is easy for us to distribute lubricant oil products if we choose to set a factory there.

3.2.1 Project characteristics

The production of lubricating oil is the blending and filling production of lubricating oil in the petrochemical industry (C2511). Its raw materials and products are high boiling point products of petroleum distillation, non-hazardous chemicals, ordinary goods, but with fire risk

3.2.2 Project planning

The largest lubricating oil production base in East Africa will be built in Dar es Salaam, Tanzania mainly to provide maintenance materials for logistics vehicles, mining machinery and small civil vehicles in Tanzania and surrounding countries.

3.2.3 Plant planning

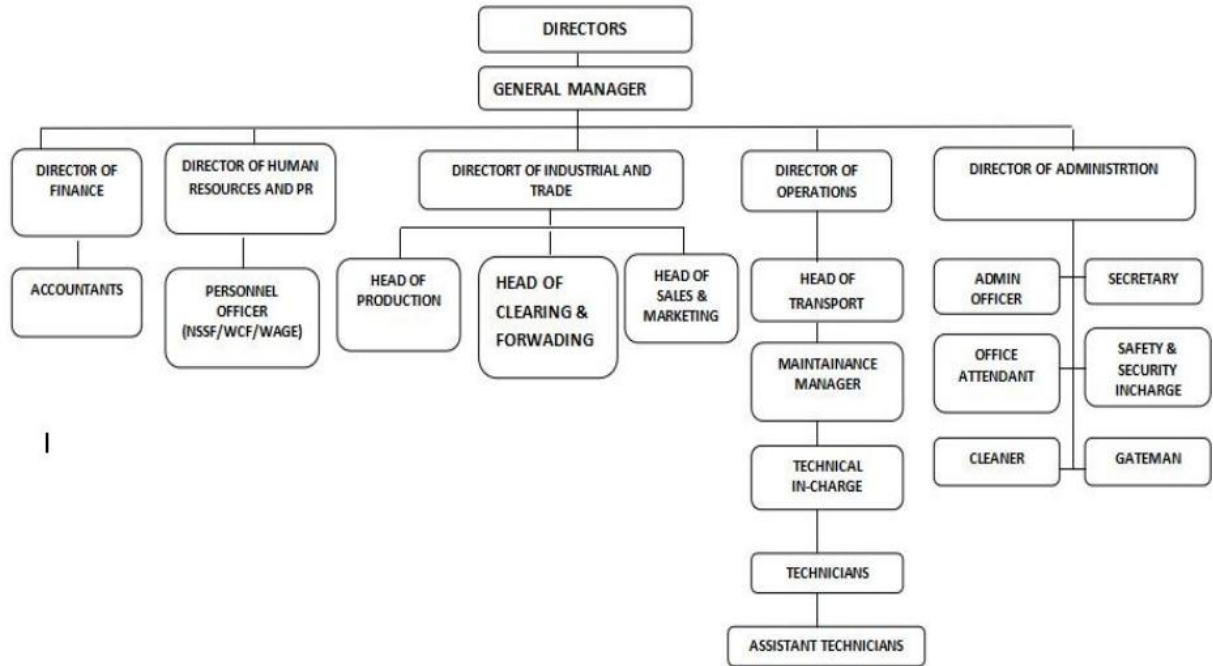
The planned area of the first phase plant is 20000 m², of which the designed area of the main production plant is 12000 m², including raw material storage, production equipment and processing, finished product inventory and other functions.

The lowest point of the plant is 8 meters high, with light steel and brick-concrete structure. The workshop roof is flush gable roof double slope roof. Lightning protection design shall be carried out for basic oil tanks and workshops. The professional technical team ensures the safe and stable implementation of the project.

DRAGON OIL TANZANIA LTD

4 CHAPTER IV MANAGEMENT OF THE COMPANY

4.1 Chart of Management Structure



DRAGON OIL TANZANIA LTD

4.2 Human Resources

Dragon Oil Tanzania limited will have set up a factory in Tanzania with its headquarter in Dar es salaam while expand to branch level in all major Cities including Arusha, Mbeya, Mwanza and including a Warehousing and Showroom project to be set in Dodoma. In order to work in a professional manner, we will employ people from all walk of life in various positions while engaging some experts in various technical positions in order to impart skills and train local people to work with the newly established machines.

There are 5 persons in the first group, all of whom has rich professional knowledge and good management ability, The following is their brief introduction:

The following is the allocation table of Newly Recruited Tanzanian employees

S/N	Year	Total	Expert female	Expert Male	Tanzania Female	Tanzania male
1	The first year	80	5	30	30	50
2	The second years	100	5	15	50	50
3	After five years	200	6	20	100	100

4.3 Management System

Through the business experience gained by Mr. Sun in Tanzania that the BG/T19001-2000 quality control certificate and the state CNCA-04C-028: **2001 Tanzania compulsory Certificate (3C)** .

At present, the company operates the standardized quality control system according to Director's instructions. The application of standardized quality control system is comprehensively reflected from controlled documents, which mainly include the following:

4.3.1 Program Document

This is a guiding document which presents clear and explicit regulations are made on purpose, responsibility, scope of application, work procedure and quality recording.

Contents of this document mainly include 19 program documents as listed below:

- a) Management and commentary program
- b) Document control program
- c) Quality recording control program
- d) Training control program

DRAGON OIL TANZANIA LTD

- e) Controlling program relating customers
- f) Procurement control program
- g) Control program of production and service
- h) Inspection and experiment control program
- i) Product labeling and tracing control program
- j) Product protection control program,
- k) Crucial and particular process control program.
- l) Supervising and measure device control program
- m) Customer sincerity investigation and analysis program
- n) Internal inspection and verification program
- o) Supervision and measure program of course and product
- p) Control program of unqualified products,
- q) Control program of data analysis
- r) Control program on quality improvement and correctness
- s) Control program of key components and materials.

4.3.2 Quality Manual

This is the legal document of quality control system of the company including concrete requirement and detailed regulations on guiding principles of quality control, target of quality control, quality management system, management responsibilities, resource management, production realization survey analysis and improvement. This document is the criteria of establishing and executing quality control system.

4.3.3 Management Standard

Management standard takes management affairs as its object. It is a regulation and criteria of all activities of the whole staff. This standard extends detailed criteria for operation and awarding and punishing in 15 aspects including discipline, salary system, secured production rules, education and training, energy saving and so on.

4.3.4 Work Standard

Work standard is a standard in quality of work taking people as its object. It regulates responsibility and task of every post, clarifies task amount and quality requirement and time limitations, work process and method of work.

It is not the purpose to compile a document. It is an activity to increase value. To increase value, we carefully programmed all progress of work and get each step go under supervision. Through operation of standard quality system, the increase of profit is rather evident.

DRAGON OIL TANZANIA LTD

5 CHAPTER V. MARKET ANALYSIS

5.1 Market Demand

Tanzania is a prosperous country in African Continent which is developing very fast. High level management personnel of technology and marketing of our company has been to Tanzania three times for market prospect investigation.

To achieve the set target of 25 percent in 2032, there is a need for diversification of the manufacturing base and raising local value-added content resource-based exports.

Since Dragon Oil (T) Limited is registered in Tanzania we believe that when our products and services enter the market, we will gradually satisfy the demand for lubricant oil and we will export our products to some other nearby countries. What's more, we also found wide margin in lubricant oil market. So we conclude that great development potential exists in Tanzania.

We find that social status of Tanzania inhabitants Construction industry is rising vigorous is rising. Their living environment and living conditions are urgently to be improved. Booming of construction demand is sure to provide vast market for engine lubricant oil. Establishment of our company will greatly satisfy this market.

5.2 Definition of Market

Through investigation, we found very large market margin in lubricant oil with construction, engineering machinery trade. A lot of lubricant oil products rely on import, despite several local producer existing. They are necessary in the machine used in modern construction industry. Domestic lubricant oil output of Tanzania only counts for about **60%** of the entire market demand and the rest part depends on import, indicating huge demand.

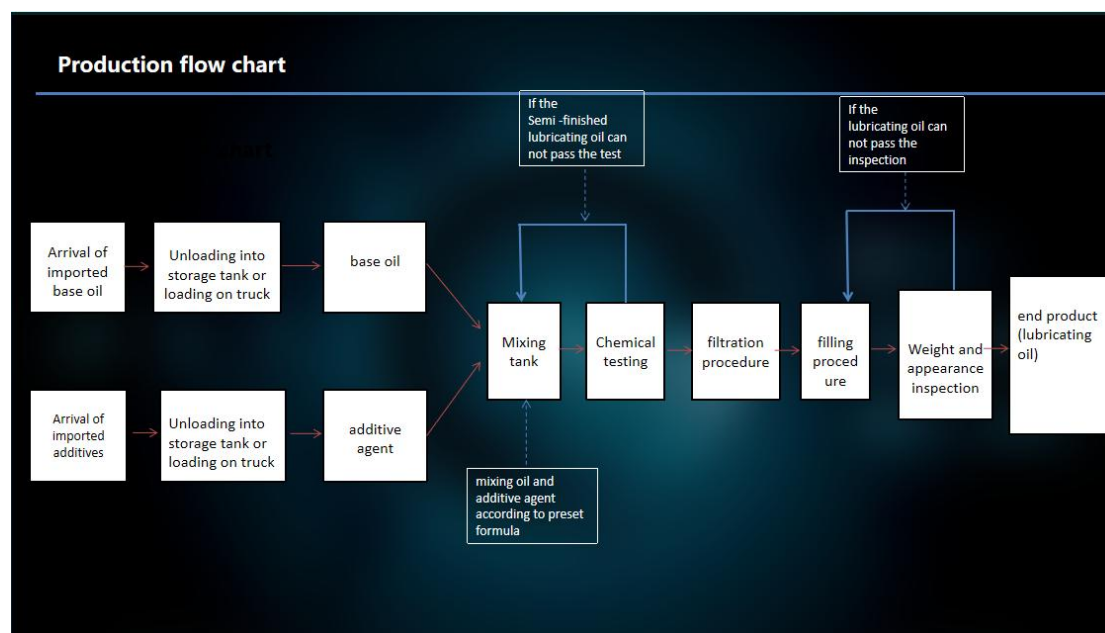
According to the latest issue of the World Bank's report on business climate, Tanzania was ranked at 128th place out of 184 economies. The report states that infrastructure in Tanzania is inadequate and governmental red-tape increases the cost and time to acquire permits and licenses. It also says that skilled labor is scarce and workers are poorly trained if at all.

Tanzania has six landlocked countries to the west and 800 kilometers of coastal line to the east. Along the coast, a series of natural gas reserves have been found and are in ready position to feed clean and cheap energy to industry. There is vast arable land area of up to 44 million hectares with moderate climate suitable for agriculture which also has large demand for lubricant oil used in the machines of agriculture industry.

DRAGON OIL TANZANIA LTD

6 CHAPTER VI: PROCESS OF PRODUCTION

6.1 Description on the Process of Production



The lubricant oil equipment list is as table below.

TABLE 6: Board of Material(part of the equipment)

	DESCRIPTION	HS CODE
1	CABLE	8544
2	COPPER NOSE	85389000
3	POWER DISTRIBUTION BOX	85369090
4	CIRCUIT BREAKERS	85362000
5	CRIMPING PLIERS	85369090
6	INSULATING TAPE	59061010
7	CUTTING BLADE	68042210
8	GRINDING WHEEL	68042210
9	ROOF SHEET FORMING MACHINE	84622190
10	GEARBOX MOTOR	84834090
11	MIXING SHAFT	84831090
12	GOGGLES	90049090
13	Cast steel flange ball valve	84818090
14	PROTECTIVE SHOES	64011010
15	STEEL HOOK	73269019
16	SETSCREW	7318159090

DRAGON OIL TANZANIA LTD

6.2 Technical Scheme

This project adopts the most advanced steel whole welding stereotypes processing technology, as is the current international and domestic general steel structure processing technology. The technology has the characteristics of high efficiency, low resource consumption, small labor intensity, and its technical characteristics are technology intensive.

The technology has the following advantages:

- a) The technical content and automation level is relatively high, in the international advanced level and the product level. The technical performance relative to other production cost is superior, the following characters are the reasonable structure, mature function, low operating cost and long service life. The technology can ensure the quality of products at the technological level of high stability, and improve the level of resource utilization and saving energy and reducing consumption. On the equipment level, the technical equipment uses are relatively high degree of automatic control and performance reliability.
- b) The technology of project has a good technical adaptability and it is adapting to domestic resources. The technology Process route can adapt to domestic main raw material properties. The technology Process route is simple and easy to understand, process control and equipment operation. The technology has been proved by domestic production test is mature, good technical support and strong reliability.
- c) The cost of technical equipment investment and product is low, with strong economic rationality. In the process of using this technology construction, the main equipment can be procured in the domestic market according to the general standard. The project with advanced energy-saving facilities, and it can convert the product of many specifications. The cost of project construction and operation is low, so the project has strong ability to strain the market.

DRAGON OIL TANZANIA LTD

7. CHAPTER VII: FINANCIAL PROGRAM

7.1 Financial Management

Dragon Oil (T) Limited has complete financial staff and adopts divided system in account and cash management. Business accounting is operated according to standard of ISO 9000 quality management system. Internal financial management system is complete with strict work standard in terms of assets supervision, fund operation, contract fulfillment, and financial procedures.

In the course of setting up the factory in Tanzania, we shall further standardize our financial system in accordance with laws and administrative regulations of Tanzania, setting up and use accountant items to do business accounting. We shall compile financial report at the end of each fiscal year and extend the report to legal accountant's office to be audited for auditor's report as per country regulations.

7.2 Source of Fund, Estimation of Use and Pay off period.

Our planned investment is USD 1,860,000 of which USD 1,000,000 from foreign equity and **860,000 USD** being originated from Local loan.

Financial Distribution/Breakdown

DESCRIPTION	AMOUNT IN USD
Land and building	500,000
Plant	200,000
Vehicles	160,000
Furniture and Fittings	200,000
Pre-expenses	200,000
Other	200,000
Working Capital	400,000
TOTAL INVESTMENT	1,860,000

DRAGON OIL TANZANIA LTD

7.3 PROJECT OUTCOME

1. Economic aspects:

Can bring sales contribution of annual output value of US \$ 10-20 million.

Can bring half a million US dollars of value-added tax.

2. Employment:

Improvement of professional skills of local people in Tanzania

It is estimated that more than 100 people will be directly employed and more than 300 indirectly employed.

3. Industrial chain:

It is obviously driven by upstream and downstream industries.

Especially in construction, logistics, lubricating oil and other industries.

4. Technical aspects:

Introduce advanced equipment and process technology to improve the technical competitiveness of Tanzania's industrial industry.

DRAGON OIL TANZANIA LTD

8. CHAPTER VIII: CONCLUSION AND RECOMMENDATION

Forecast on financial results can grasp and guide management activities on the whole. We also fully considered the unforeseeable factors in the changes of management process which can influence financial results. There are sufficient in the estimation of financial results, we have necessary favors for survival and development of an enterprise that is our professional and advanced equipment and technologies as well as an outstanding management team.

This Business Plan objectively reflects our understanding toward investment environment of Tanzania objectively analyzes various advantages of our enterprise and development momentum of the market as well as situations of the competitors. We conclude that it is a wise decision to invest in Tanzania.

We are optimistic that the industrial park will be completed within the five-year term of President Samia Suluhu Hassan. Therefore, Chinese investors should come and invest in Tanzania and we are happy that the relationship is growing stronger and stronger.

We firmly believe that the investment will be a success and at the same time, we believe our investment will play an active role to the social development of Tanzania and its people.

Therefore, we request the noble government support from various angles as stipulated in the below table:

Tax policy	Corporate tax	Exemption from corporate income tax
	Value added tax	Sales and services are exempt from value-added tax
	Customs	Import of raw materials and equipment into the industrial park, free of import duties.
	Import tariff	Tariff-free import
	Stamp duty	Exemption from enterprise stamp tax
	Individual income tax of foreign employees	Individual income tax of foreign employees shall be levied at the uniform preferential rate of 5% or 0%
Labor and Immigration	Labor Policy	No quota limit for foreign employees
	Work visa	The work visa for foreign employees is 15% of the regular fee, and the green channel for obtaining the work permit.
Park construction	Power supply	Power supply is available 24 hours a day to ensure sufficient power supply for enterprises, and special lines can be laid according to the special power demand of enterprises.
	Gas supply	The natural gas pipeline is directly connected to the park, and the park has its own liquefied gas station to support gas supply.
	Water supply	Water wells or water towers are required to meet the industrial and domestic water demand in the industrial park.

DESCRIPTION	AMOUNT IN USD
Land and building	500,000
Plant and machine	200,000
Vehicles	160,000
Furniture and Fittings	200,000
Pre-expenses	200,000
Other	200,000
Working Capital	400,000
TOTAL INVESTMENT	1,860,000

FIXED ASSETS SCHEDULE						
NAME OF ASSETS		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings		500,000	450,000	400000	350000	300000
Plant & Machines		200,000	160,000	120000	800000	400000
Motor Vehicle		160,000	130,000	100000	70000	40000
Furniture & Fixtures		200,000	180,000	160000	140000	120000
Total		1,060,000	920,000	780000	640000	500000
Depreciation		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings		50,000	50,000	50,000	50,000	50,000
Plant & Machines		40,000	40,000	40,000	40,000	40,000
Motor Vehicles		30,000	30,000	30,000	30,000	30,000
Furniture & Fixtures		20,000	20,000	20,000	20,000	20,000
ANNUAL DEPRECIATION		140,000	140,000	140,000	140,000	140,000
CLOSING FIXED ASSETS		920,000	780,000	640,000	500,000	360,000

OTHER OPERATING COST						
Other Operations Cost		YEAR1	YERA2	YEAR3	YEAR4	YEARS5
Motor Vehicle running expenses		15,000	16,000	17,000	18000	18,500
Salaries and Wages		120,000	130,000	140,000	150,000	160,000
Administrative Overhead Costs		100,000	100,000	120,000	140,000	160,000
Utility Costs		100,000	120,000	200,000	200,000	210,000
Interest on Loan		0	0	0	0	0
Communication Expense		2,000	3,000	4,000	5,000	5,000
Total Costs		337,000	366,300	481,000	513,000	553,500

PROJECTED BALANCE SHEET						
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Fixed Assets		920,000	780,000	640,000	500,000	360,000
Long term Assets		100,000	120,000	140,000	160,000	180,000
Deprecation		140,000	140,000	140,000	140,000	140,000
Total long term assets		880,000	760,000	640,000	520,000	400,000
Current Assets		90,000	90,000	90,000	90,000	90,000
Cash		60,000	60,000	60,000	60,000	60,000
Account Receivable		0	0	0	0	0
Inventory		30,000	40,000	40,000	40,000	40,000
Total Current Assets		180,000	190,000	200,000	210,000	220,000
Total Assets		1,060,000	950,000	840,000	730,000	620,000

Current Liabilities	0	0	0	0	0
Accounts Payable	0	0	0	0	0
Other Current Liability	0	0	0	0	0
Subtotal Current Liability	0	0	0	0	0
Long term Liabilities	0	0	0	0	0
Total Liabilities	0	0	0	0	0
Captil and Reserves	0	0	0	0	0
Owner Contribution	0	0	0	0	0
Retained Earning	0	0	0	0	0
Total Capital	1,060,000	950,000	840,000	730,000	620,000