

CHENYUAN TANZANIA LIMITED

Business Plan



CHENYUAN TANZANIA LIMITED

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Executive Summary

Chenyuan is pleased to establish a professional presence in the mining in Tanzania. Projection for the start-up costs, sales revenues, and operating expenses are based on extensive research and experience from other partner operations in Africa and Tanzania in particular.

Chenyuan is setting up an initial capital of the tune of USD 1,000,000 (One million dollars), for the expel and running operations.

The company will have a nationwide operation with initial operational emphasis on the Online environment and eventually land-based operation in the nearest surrounding districts to Dodoma.

Owner funding and internally generated cash flow will enable the expansion of the sales network to cover the whole country and outside Tanzania about 2 years. Sales projections for the first five years are based upon the penetration of the online network and the size of the eventual land-based Sales Network, which is going to consist of an end-to-end Sales Network and eventually a market- driven Points of Sale (POS) all subject to a further expansion.

Chenyuan Head offices will be situated in Dodoma with remote management offices based Dar es Salaam in future days. An extensive survey and identification of prime locations earmarked for the eventuality of land-based operations have already been carried out.

For the citizens of Tanzania, the establishment of Chenyuan as a player in the Mining market will instantly create well over 20 direct jobs and more than 100 of indirect jobs through outsourced services and service providers.

Chenyuan takes pride in the fact that over 90 percent of its operations in Tanzania will be run and managed by a Tanzanian workforce of which still 40% will consist of female attendants which include various professionals such as Customer care desk, Complainant Desk, Information Technology technician and Marketing team. Chenyuan will therefore contribute to the drive for the empowerment of Women in the Tanzanian society.

For the government of Tanzania, besides the initial Capital investment of USD 1,000,000 (One million dollars) into the economy, Chenyuan will use Tanzanian service providers for its business and infrastructure for data storage, payment gateways, mobile payments, banking, marketing, and advertising but more importantly, Chenyuan will contribute to the economy through payment of Taxes from the operational revenues.

On the Corporate Social Responsibility front, Chenyuan will identify and directly fund or sponsor efforts of credible good causes in society in particular organizations which deal

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with supporting surrounding villages by supporting schools, health services and construction of roads. Where applicable Chenyuan also intends to support sports development programs for the youth.

All in all, the initiators of Chenyuan look forward to the establishment of an operation, which is expected to be of mutual benefit to the Investors, the Citizens as well as the Government of Tanzania.

Capital Requirements and Use of Funds

The company is about to investing 1 million US dollars for heavy trucks, compressor trailers, hammers and drills for demolition. All vehicles and equipments will be equipped with advanced GPS vehicle operation management systems, which can provide real-time monitoring 24 hours a day, and thus can report accurate tracking information.

The fund will be used as categorized in the following:

Purchase of 10 trucks and equipments : \$ 800,000.

Working Capital; \$ 200,000 to pay for salaries and lease costs until Chenyuan Tanzania Company Limited investors inject funds to run the business in startup.

Vision

Chenyuan Tanzania Limited primary objective is to set up a profitable yet socially responsible, development, and professionally managed Mining operation in the Republic of Tanzania.

To have an operation that promotes and adheres to the rules and guidelines of the Mining Laws and Regulations.

To contribute towards the creation of an environment for a credible and sustainable Mining market in the Republic of Tanzania.

Mission

Chenyuan mission is to set up and operate Mining and selling of Building materials within the United Republic of Tanzania and outside the country.

The operation will be set up and managed with the aid of a professional people and equipments and software designed and developed by reputable and providers.

Chenyuan will endeavor to create Mining industry, which involves and benefits all classes of society through pure job creation, cash injection in the community, and added revenues through taxation on the operational network.

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Why Tanzania?

The Republic of Tanzania has been particularly chosen as the preferred country for investment for Chenyuan due to several reasons.

Tanzania is a major business hub in the East and Central African region. A majority of its population is under 45 years. Other considerations include:

- **Political;** Tanzania is the most politically stable country in Africa today. As investors, the owners of Chenyuan we feel very secure with our investment in the politically stable environment that the Government of Tanzania has maintained.
- **Social-Economic;** Being one of the good countries to regulate Mining activities, Tanzania is at the forefront of the Mining industry in Africa. The regulator's actions have led to increased investment in the Mining industry. Rapid urbanization means the potential for business growth is very high in Tanzania. As an investor Chenyuan finds these criteria extremely conducive for investment.
- **The infrastructure:** Tanzania is projected to be the transport hub of the East and Central African region. Availability of good roads, cutting-edge ICT, wide covering financial institutions, and reliable energy supply promotes sensible investment planning.
- **Government:** Progressive government policies and innovation in regulation have led to increased Foreign Direct Investment processing. The investment regulatory structure and the freedom to repatriate declared profit for international investors make Tanzania a very attractive investment destination. Dodoma is the capital city and is now one of the most prominent cities in Africa politically and financially.
- **Semi Regulated Market;** Although not yet at the level of European and North American markets, the regulatory framework in Tanzania gives enough comfort to an investor that they are putting their money in a properly regulated market where illegal operations will be curtailed.
- **A Mature Mining Market:** Tanzania ranks as one of the most mature and properly regulated Mining markets in Africa. This maturity of the industry means that as Investors Chenyuan will spend much less capital in sensitizing public about the Mining concept and will rather concentrate on promoting their brand and products which gives the Country an enviable comparative advantage over many countries in Africa which are still in their infancy in the Mining Industry.

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- **Media:** The existence of a functional Media industry will be key to the success of Chenyuan in Tanzania. Our research has shown that Tanzania is a step ahead of its African neighbors regarding coverage of media events on Radio and TV.
- **Women empowerment:** Tanzania has exhibited the desire to empower women and has been applauded for its drive to put women in positions of power and management. Chenyuan is a strong advocate for Women's empowerment not only for the fact that there is a need for equality in modern society but also for the simple reason that it's a proven fact that ladies tend to be more reliable in managing and dealing with cash transactions than their male counterparts. Chenyuan intends to maintain the spirit of empowering women for its workforce in the United Republic Tanzania.
- **Telecommunication Penetration:** with the majority of the population having network/ internet access has a lot of potential in Tanzania and therefore this market is well supported and sustainable.
- **Passion for Sports in general and Football in particular:** Tanzanians are known for their love of sports and in particular football. The passion of Tanzanian fans for their National team and the following they exhibit for the local football competitions is unmatched anywhere on the continent. This lays the ground for a very ripe market for the mining Industry and Chenyuan intends to build from that passion and fan base for football to promote other sports.

Management Summary

Chenyuan Tanzania Limited is owned by foreigners of Chinese origin namely Xuefei Yu holding 90% Ordinary Shares and Chenfeng Tian holding 10% Ordinary, in a shareholding arrangement.

Mr. Xuefei Yu - General Manager

Graduated from University in the China with a bachelor's degree. Mr. Xuefei Yu worked at a managerial level as a Senior Cost Controller for eight years where he was able to learn ins and outs of the mining industry. This experience will be the company's most valuable asset.

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Mr. Chenfeng Tian – Head of Operations

He has over five years of experience in project management. His recent employer is chenyuan, Mr. Chenfeng Tian was responsible for delivering projects against agreed scope, budget, schedule and customer expectations. In addition, he managed risks and issues that arose and provided support for all off site activities. Further, Mr. Chenfeng Tian processes a consistent track record of improving performance, increasing efficiency to budget and tight time scales. Mr. Chenfeng Tian holds an Advanced Diploma in project planing from University (china) respectively.

Mr. hu - Head of Sales and Marketing

Mr hu is an experienced Relationship Manager with routinely assessing and meeting the financial needs of various business customers. Having working in the sales and marketing industry for over 10 years, Mr. hu has an extensive network on both personal and professional front that illustrates his ability to maintain and develop long term relationship with clients. His roles as a Relationship Manager include: managing assigned credit portfolio & monitoring the quality of existing credit relationships on a continuous basis, initiating and carrying out recovery action on non-performing credit facilities on assigned accounts, analyzing and screening applications for loans. Frequently contact customers via phone calls, and physical visits to obtain feedback on service quality and customer satisfaction levels **Mr. hu** holds an Advanced Diploma in business administration from university, china. He is currently pursuing a degree in International Business from online courses (tanzania)

Hiring Plan

In order to launch, the company needs to hire the following personnel:

- Sales and customer service, Project engineers, Mining engineers, Planning engineers, Underground miner, Heavy equipment operator, Driller, Electrician, Blaster and Material planner; Skilled and responsible personnels to cover 20 posts upon operation.
- For now, we will contract the maintenance of our trucks and equipments to service provider, we don't intend to maintain a very large overhead from the onset. But as soon as the business grow and stabilize, we will assemble our own in-house maintenance team.

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Market Analysis

Market Trends

The market trend as it involves the Tanzanian Mining Market is dynamic and at the same time challenging. But one thing is certain, once a mining services company gain credibility, it will be much easier for the company to secure permanent deals/contracts with big corporations, big time merchants etc. Research of the Tanzanian Mining Market in comparison to neighboring countries in the region has proven that Tanzania has the most progressive Mining Industry in East and Central Africa.

Strategy and Implementation Summary

Competition

In addition to competing with other mining companies, Chenyuan Tanzania Limited strategy is based on serving a niche market professionally. The Building materials enthusiast, the business e, and traveler, the local crowd, as well as families dining out all, can enjoy the experience and products from Chenyuan. Chenyuan will offer a customized version of a standard product tailored to the needs and tastes of a local clientele. The niche product will fill gaps of similar needs in similar markets across the Great Lakes Region. Chenyuan will build its infrastructure to allow for replication of the product, the experience, and the environment across broader geographic lines. Concentration will be on maintaining quality and establishing a strong identity in Tanzania's local market. The identity in turn will become the source of "critical mass" upon which expansion efforts are based. This will add marketing muscle and also become the framework for further expansion using both the Company-owned and franchised centers

Marketing Strategy

A combination of Social media, print media, event marketing, and TV and Radio Advertising will be utilized to promote the business concept. Radio is deemed most effective, followed by local print media. As soon as the Company's Website is launched and established in the market, then broader media will be employed. Chenyuan will employ the strategy of live broadcasting, free internet, and pro-sports tie-ins with which to effectively generate publicity for our country-wide target customers and the flagship locations.

Sales Forecast

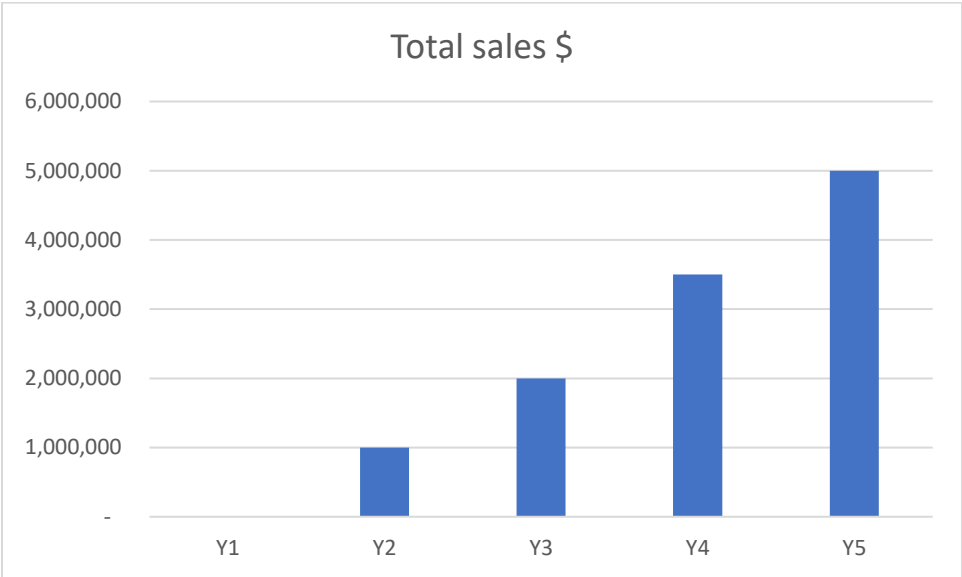
Chenuan Tanzania Limited sales forecast is based on a planned establishment and expansion of its Sales Network during the first twelve months of operations. A projected two-million-dollar sales volume represents somewhat less than 50% of the revenue

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potential of the Sales Network. All sales forecasts and projections have this first year as their basis for the Sales forecast of each given region.

Sales projection for the first five years

- First Fiscal Year-: No sales
- Second Fiscal Year-: \$ 1,000,000.
- Third Fiscal Year-: \$ 2,000,000.
- Fourth Fiscal Year-: \$ 3,500,000.
- Fifth Fiscal Year-: \$ 5,000,000.



Financial Plan

Important to note:

The financial plan depends on important assumptions, most of which are shown in the following table. The key underlying assumptions are:

- We assume a steady-fast growth economy, without major recession even though the Country and the World at large are still struggling with the effects of the pandemic. The Love for Mining and production of building materials has not been diminished by the pandemic but rather the opposite.

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- We assume continued growth of the Mining Industry in Tanzania as new technologies can bring products nearer to the customers.
- We assume continued popularity and growth of the sales channels especially in light of the Covid 19 pandemic where due to circumstances the majority of Building materials customers resorted to Mining Industry as the only way to access services after the land- based operations were closed due to a national lockdown.

Startup Funding Requirements and uses

The company is seeking loan/Investors for the purpose of starting a business in mining industry. The funds will be used to purchase trucks and equipment, renting area, advertising, etc.

Key Financial Indicators

The most important indicator in our case is inventory turnover. In the mining and sell of building materials business turnover exceeds 70%, with products being offered and sold often within a day.

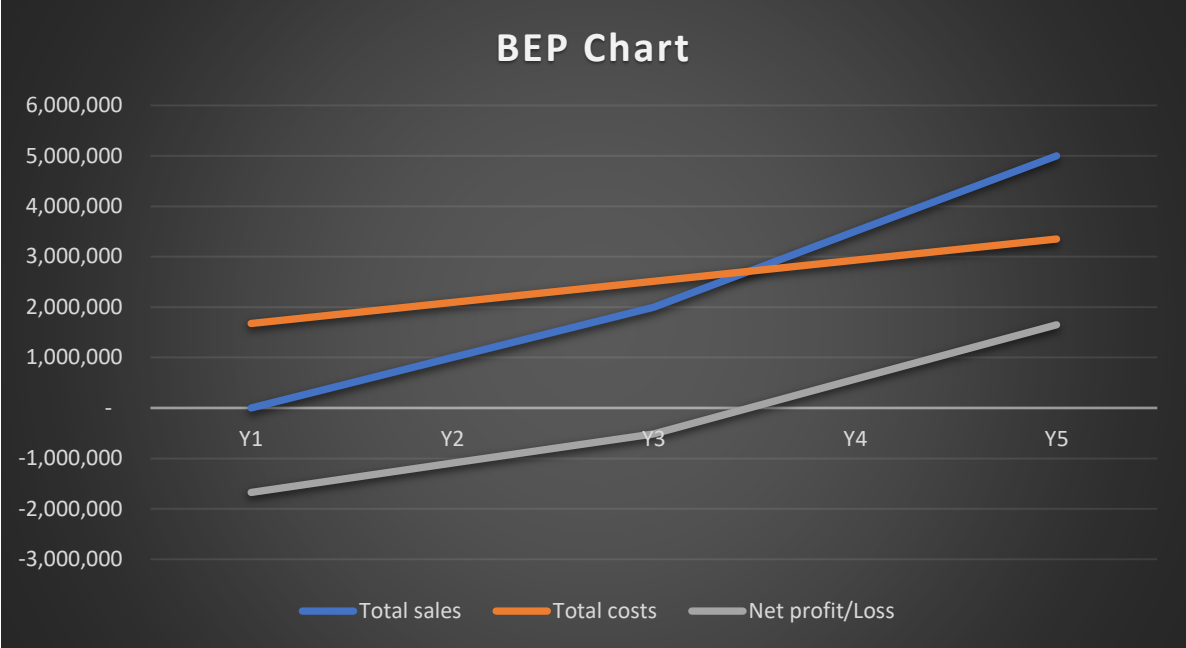
- Product portfolio must be diverse and competitive – therefore Chenyuan is using state- of-the-art Mining Systems to ensure that our customers have access to all major building materials products.
- Product prices must fit low-budget incomes but should also appeal to all social-economic classifications.
- Above all, controls must be instituted, and standards maintained over the entire Sales Network.

Chenyuan uses state-of-the-art management control and inventory systems. All systems are computer-based which allows for accurate remote control of all aspects of operations.

Breakeven Analysis (Assuming 1 Month)

The breakeven analysis is based upon fixed costs at the Head office Center location coupled with overheads for overseeing the entire sales network for both within Tanzania and outside Tanzania.

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***Break-even point = where the line intersects with 0**

Projected growth

Chenyuan Tanzania Limited expects healthy growth in net worth, from approximately \$ 500,000 initially to more than \$5 million by the end of the fifth year of operations.

Chenyuan is not only going to introduce to Tanzania a professional mining operation; it is going to inject money into the economy, create direct jobs, indirect jobs, out resourced jobs, promote business, Sports, improve the infrastructure, contribute to the empowerment of women, contribute to the accessibility of information technology, contribute to the national tax revenue income and generally contribute to the overall drive to develop the United Republic of Tanzania.

Chenyuan would like to thank the Government of the Republic of Tanzania and all relevant bodies of government for their support and for the opportunity to invest, work and contribute to the success story of Tanzania’s Mining Industry.

The Management of Chenyuan Tanzania Limited looks forward to a long and successful relationship with the Mining Commission and Mining sector in general and the people of the Republic of Tanzania, on whom the realization of the Chenyua business continuity depends.

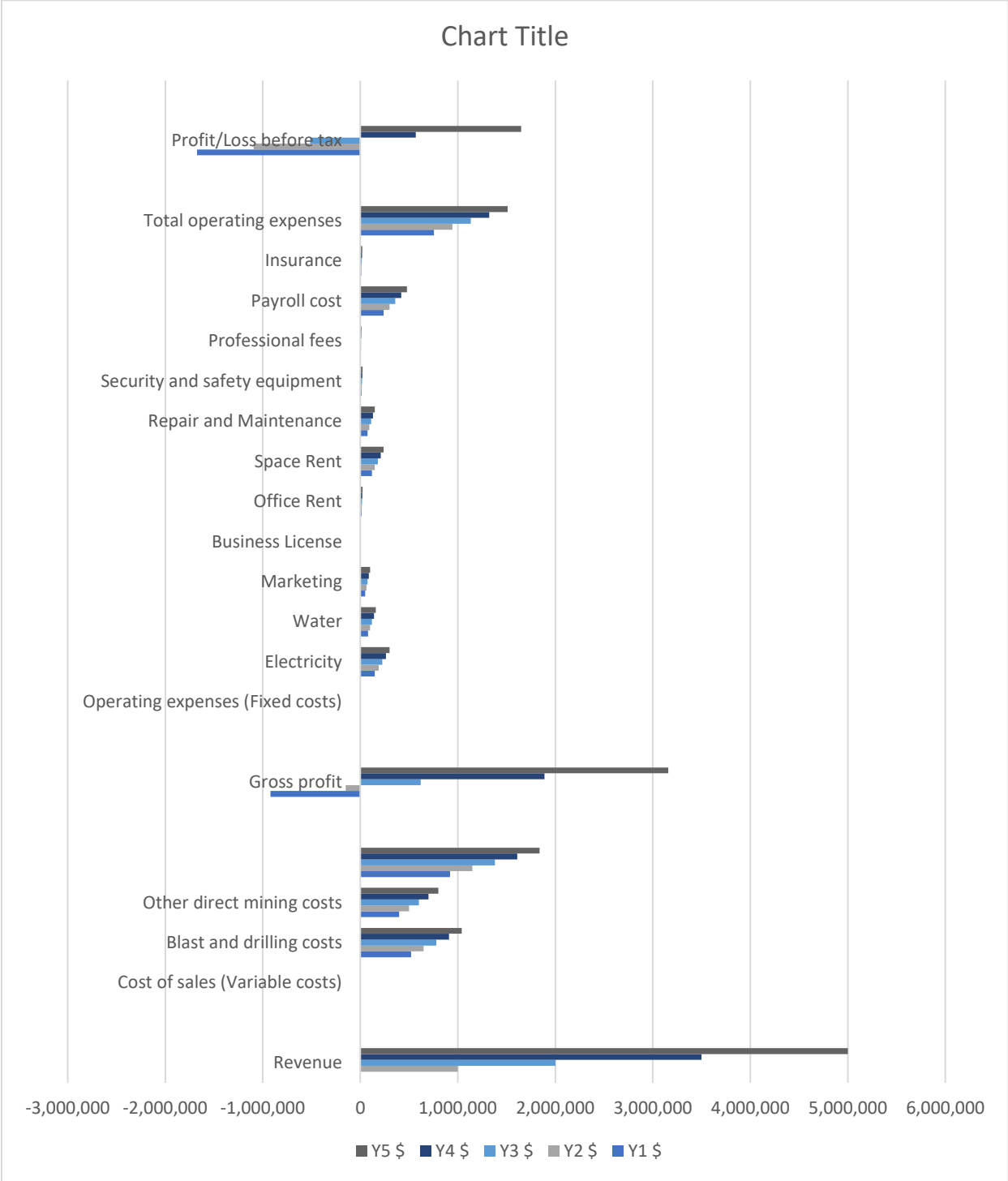
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Projected Profit and Loss

	Y1	Y2	Y3	Y4	Y5
	\$	\$	\$	\$	\$
Revenue	-	1,000,000	2,000,000	3,500,000	5,000,000
Cost of sales (Variable costs)					
Blast and drilling costs	520,000	650,000	780,000	910,000	1,040,000
Other direct mining costs	400,000	500,000	600,000	700,000	800,000
	920,000	1,150,000	1,380,000	1,610,000	1,840,000
Gross profit	-920,000	-150,000	620,000	1,890,000	3,160,000
Operating expenses (Fixed costs)					
Electricity	150,000	187,500	225,000	262,500	300,000
Water	80,000	100,000	120,000	140,000	160,000
Marketing	50,000	62,500	75,000	87,500	100,000
Business License	300	375	450	525	600
Office Rent	12,000	15,000	18,000	21,000	24,000
Space Rent	120,000	150,000	180,000	210,000	240,000
Repair and Maintenance	75,000	93,750	112,500	131,250	150,000
Security and safety equipment	12,000	15,000	18,000	21,000	24,000
Professional fees	6,000	7,500	9,000	10,500	12,000
Payroll cost	240,000	300,000	360,000	420,000	480,000
Insurance	10,000	12,500	15,000	17,500	20,000
Total operating expenses	755,300	944,125	1,132,950	1,321,775	1,510,600
Profit/Loss before tax	-1,675,300	-1,094,125	-512,950	568,225	1,649,400
Income tax charge/credit (30%)	-502,590	-328,238	-153,885	170,468	494,820
Net profit / Loss	-1,172,711	-765,888	-359,065	397,758	1,154,580

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Chart of Projected Profit and Loss



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Projected Balance Sheet

	Initials	Y1 USD	Y2 USD	Y3 USD	Y4 USD	Y5 USD
EQUITY						
Share capital		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Retained earnings	-	1,172,711	765,888	359,065	397,758	1,154,580
Total equity		827,289	1,234,113	1,640,935	2,397,758	3,154,580
Non-current liabilities						
Loan from investors	800,000	640,000	480,000	320,000	280,000	240,000
Borrowings	200,000	-	-	-	-	-
Total non-current liabilities	1,000,000	640,000	-	-	-	-
Total equity and non-liabilities	1,000,000	1,467,289	1,234,113	1,640,935	2,397,758	3,154,580
REPRESENTED BY:						
Non-current assets						
Property, plant and equipment	800,000	640,000	480,000	320,000	600,000	500,000
Total non-current assets	800,000	640,000	480,000	320,000	600,000	500,000
Current assets						
E& E Assets	-	-	139,781	792,221	870,562	1,528,906
Current tax receivable	-	502,590	328,238	153,885	-	-
Trade and other receivables	-	231,352	222,219	304,829	537,439	825,094
Cash at bank and in hand	200,000	93,347	63,875	70,000	560,225	795,400
Total current assets	200,000	827,289	754,113	1,320,935	1,968,225	3,149,400
Current liabilities						
Trade and other payables	-	-	-	-	-	-
Current tax payable	-	-	-	-	170,468	494,820
Total current liabilities	-	-	-	-	170,468	494,820
Net current assets	1,000,000	1,467,289	1,234,113	1,640,935	2,397,758	3,154,580

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