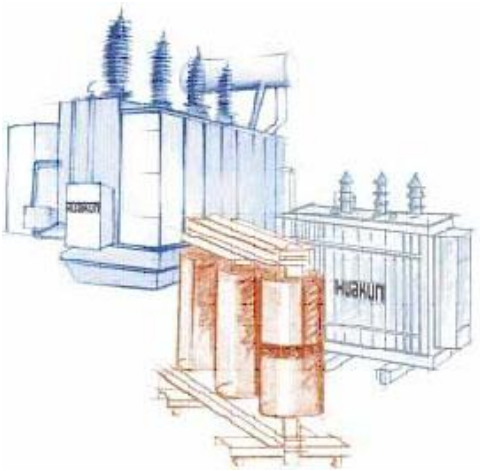
EXECUTIVE SUMMARY
Of BUSINESS PLAN



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I. Introduction

I-1 Company Profile

Honle Group Co., Ltd. is a large-scale enterprise specializing in transformer R&D, manufacturing and marketing. Since its establishment in 1998, the company has been adhering to the business philosophy of

“Quality for survival, innovation for development”. With the forward-looking understanding of high and low voltage electrical products and the pursuit of quality, the company is committed to the development and innovation of industrial electrical appliances. In recent years, in addition to carrying forward the exquisite craftsmanship, it has purchased advanced production and testing equipment at home and abroad, such as the comprehensive experimental and testing equipment of the Inner Mongolia 3D Research Institute, the Japanese CNC sheet metal production line, and the CNC cutting machine imported from Germany. With the development of the company, the construction of warehousing and logistics channels in various central cities has been basically completed, and the sales service system for setting up marketing service centers in central cities has been improved. The company can fully meet the needs of customers for quality, quantity, variety and delivery time.

Since the Honle Electric East Africa Ltd has set up in Tanzania, due to the impact of the epidemic, the company did not develop according to the initial plan in the past few years. Now that the investment environment in Tanzania has improved, the company has also begun to focus on promoting the development process and purchasing land to build its own factory.

II. Market Demand

II-1 Market Demand Analysis

Electrical Product Market Demand Prediction in Tanzania

(Unit: Million US Dollars)

YEAR	2026	2027	2028	2029	2030
TOTAL ELECTRICAL PRODUCTS	4875	5520	5870	6210	7090

MARKET					

In 2019, the Tanzanian Electrical Product market was valued at approximately USD 2.5 billion, supported by ongoing rural electrification programs and grid modernization.

Despite the disruptions caused by the COVID-19 pandemic in 2020–2021, the market demonstrated resilience due to government-backed infrastructure projects and increasing private-sector investment in industrial power needs.

By 2024, the market had grown to USD 3.8 billion, driven by:

a) Expanding industrial parks and Special Economic Zones.
b) Rising demand for renewable energy integration (solar and wind).
c) Replacement of aging transformers in urban and peri-urban grids.

Projections indicate steady growth from 2025–2030, with an expected CAGR (Compound Annual Growth Rate) of 8–9%, positioning Tanzania as one of the fastest-growing Electrical Products markets in Sub-Saharan Africa.

Electrical Products Market Demand Prediction in East Africa

YEAR	2026	2027	2028	2029	2030
TOTAL ELECTRICAL PRODUCT MARKET	9320	9980	10600	11400	12180

The substantial jump in figures from 2026 onward reflects the inclusion of large-scale regional transmission and cross-border interconnection projects under the East African Power Pool (EAPP), as well as significant

investments by development partners in electricity access programs.

Key drivers of this growth include:

a) Major transmission line projects connecting Kenya, Tanzania, Uganda, Rwanda, and Burundi.
b) Regional initiatives to increase electricity access to over 70% by 2030.
c) Rapid urbanization and industrial development corridors.
d) Private sector-led renewable energy projects require specialized solutions.

The East African market is expected to maintain a CAGR of 9–10% from 2025–2030, with significant opportunities in both utility-scale and industrial segments.

III. Technology and Products

Three-Phase Oil-Immersed Distribution Transformers

Our three-phase oil-immersed distribution transformers are designed with advanced insulation structures that significantly enhance short-circuit resistance. The transformer core is manufactured from high-quality cold-rolled silicon steel sheets, while the high-voltage windings use oxygen-free copper wires of superior purity, arranged in a multi-layer cylindrical configuration. All solid parts are precisely secured to prevent loosening during transport and operation.

These transformers are engineered for high efficiency and low loss, reducing power consumption and operational costs while delivering notable environmental and social benefits.

Beyond transformers, we provide a broad portfolio of complementary equipment, ensuring a one-stop solution for electrical distribution networks:

- **Cables** – Manufactured with flame-retardant insulation and superior conductivity materials, ensuring long service life, safe transmission, and compliance with international standards.
- **Switchgears** – Modern designs for protection, control, and isolation of circuits, featuring compactness, easy maintenance, and reliable fault protection.
- **Line Accessories** – High-strength fittings, connectors, and insulators built for durability, weather resistance, and ease of installation.
- **Ring Main Units (RMUs)** – Compact, sealed, and maintenance-free switchgear ideal for urban distribution networks, offering enhanced safety and flexibility.
- **Circuit Breakers** – High-performance breakers (vacuum/air/SF6) designed to protect systems from overloads and faults, minimizing downtime.
- **Power Cables & Conductors** – Including LV, MV, and HV options, designed for efficient transmission with minimal loss.
- **Distribution Boards & Panels** – User-friendly solutions for safe power distribution across residential, commercial, and industrial networks.

- **Pole-Mounted Substations** – Integrated transformer, switchgear, and protection units designed for fast deployment in rural and peri-urban electrification.
- **Surge Arresters & Protection Devices** – Critical components to safeguard equipment from voltage spikes, lightning strikes, and transient faults.

All above products are classified as high-tech products promoted under national energy efficiency standards as follows.

1. Reliable Structure

Building on a foundation of proven designs, we have implemented multiple engineering improvements to enhance durability and performance:

a) Spiral coil with longitudinal oil passages for improved internal heat dissipation.
b) Reinforced coil end-face supports superior resistance to short-circuit forces.
c) Enhanced lifting and body positioning systems to ensure safe and stable long-distance transportation.
d) Unique structural innovations tailored for high-performance applications.
e) Higher-performance transformers incorporating increased technical sophistication for specialized needs.

2. High-Quality Materials

Our Electrical Products are built exclusively from premium-grade raw materials:

a) Oxygen-free copper conductors with low resistivity and smooth, burr-free surfaces to minimize load losses and improve electrical performance.
b) High-grade silicon steel sheets with reduced unit loss to lower no-load losses.
c) Laminated wood insulation components are designed to resist cracking and maintain dimensional stability even under high short-circuit stresses.
d) Deep-filtered transformer oil with extremely low moisture, gas, and impurity content for improved operational reliability.
e) Top-quality rubber sealing materials to prevent aging and oil leakage.
f) All materials undergo strict quality control, with critical components certified to ISO 9001 standards.

3. Superior Technical & Economic Performance

Our designs offer measurable operational advantages:

a) No-load loss reduced by an average of 31% compared to standard S9 models.

b) No-load current lowered by 75–90% versus S9 equivalents.
c) Average temperature rise was reduced by 10°C, extending service life by more than twofold.
d) Capable of extended operation even at 20% load without performance degradation.
e) Noise levels reduced by 3–5 decibels, improving environmental compatibility.

4. Fully Sealed Design

The "M" designation in S11(M) denotes a fully sealed oil tank. This design:

a) Eliminates the need for an oil conservatory.
b) Utilizes corrugated fin walls in place of traditional oil pipes for cooling.
c) Isolates the transformer oil from the atmosphere, reducing oxidation, moisture ingress, and insulation degradation.
d) Improves operational reliability and extends maintenance intervals to near maintenance-free levels.

The corrugated oil tank is produced from high-quality cold-rolled steel on a specialized production line. The fins expand and contract in response to oil volume changes, maintaining optimal performance. The tank exterior is treated with a three-layer anti-corrosion coating (degreasing, derusting, phosphating) for resilience in metallurgy, petrochemical, mining, and other

demanding environments.

5. Digital Monitoring & Smart Capabilities

Future models will integrate IoT-based monitoring systems to enable:

a) Real-time tracking of temperature, load, and oil quality.
b) Predictive maintenance alerts to prevent faults before they occur.
c) Remote diagnostics to minimize downtime and reduce service costs.
d) Data analytics for performance optimization and energy efficiency reporting.

6. Renewable Energy Integration

To meet the increasing demand from renewable projects, our transformer designs will:

a) Include enhanced voltage regulation to manage grid fluctuations.
b) Offer compatibility with battery energy storage systems (BESS).
c) Utilize corrosion-resistant coatings for installation in remote or coastal environments.

7. Modular & Rapid Deployment Designs

We will introduce modular Electrical units for:

a) Faster installation in remote and rural electrification projects.
b) Easy transportation and assembly in areas with limited infrastructure.

c) Flexible capacity upgrades without full unit replacement.

d) Reduced site preparation and civil work, lowering project costs.

8. Enhanced Sustainability & Environmental Compliance

Sustainability will be a core design principle and will be achieved through:

a) Increased use of biodegradable insulating oils to reduce environmental impact.

b) Recyclable materials for steel, copper, and insulation components.

c) Production processes optimized for lower carbon emissions and

IV.Financial Status in The Past Three Years

1. Statement of Financial Position

Currency:TZS

Year / Item	2022	2023	2024
1.Assets	/	/	/
1.1Non-Current Assets	**108,925,000**	**581,460,000**	**718,112,000**
1.1.1 Property,plant and equipment	108,925,000	577,506,000	718,112,000
1.1.2 Deferred tax	-	3,954,000	-
1.2 Current Assets	**589,040,000**	**9,111,886,000**	**9,680,949,000**
1.2.1 Inventories	88,765,000	5,762,765,000	7,145,712,000
1.2.2 Trade and other receivables	434,532,000	2,741,338,000	2,143,943,000
1.2.3 Cash and cash equivalents	65,743,000	607,783,000	391,294,000
Total Assets	**697,965,000**	**9,693,346,000**	**10,399,061,000**
2.Equity and Liabilities	/	/	/
2.1 Equity	**635,290,000**	**739,435,000**	**922,244,000**
2.1.1 Share capital	500,000,000	500,000,000	500,000,000
2.1.2 Retained income	135,290,000	239,435,000	422,244,000
2.2 Liabilities	**62,675,000**	**8,953,911,000**	**9,476,817,000**
2.2.1 Current Liabilities	**62,675,000**	**8,953,911,000**	**9,475,529,000**
2.2.1.1 Trade and other payables	8,671,000	8,900,694,000	9,377,650,000

2.2.1.2 Tax payable	54,004,000	53,217,000	97,879,000
2.2.2Non-Current Liabilities	**-**	**-**	**1,288,000**
2.2.2.1 Deferred tax	-	-	1,288,000
Total Equity and Liabilities	**697,965,000**	**9,693,346,000**	**10,399,061,000**

2. Statement of Profit or Loss and Other Comprehensive Income

Currency:TZS

Year / Item	2022	2023	2024
Revenue	3,996,219,000	6,922,849,000	12,800,583,000
Cost of sales	3,650,873,000	5,222,365,000	11,044,499,000
Gross profit	**345,346,000**	**1,700,484,000**	**1,756,048,000**
Other operating expenses	251,665,000	1,490,461,000	1,073,030,000
Profit before taxation	**93,681,000**	**210,023,000**	**683,054,000**
Taxation	28,465,000	64,885,000	205,920,000
Profit for the year	**65,216,000**	**145,138,000**	**477,134,000**
Other comprehensive income	-	-	-
Total comprehensive income for the year	**65,216,000**	**145,138,000**	**477,134,000**

V. Goals and strategies

V-1 Company Positioning

Honle Electric East Africa Ltd positions itself as a technology-driven, customer-focused leader in Tanzania's Electrical products manufacturing sector, with a strong emphasis on innovation, quality, and service excellence. Building on its established reputation for high-performance products, the company aims to set industry standards, drive technology adoption, and influence policy and quality benchmarks within the

Tanzanian and East African transformer markets.

Our competitive edge will be maintained through:

a) Integration of cutting-edge technology adapted to local conditions.
b) A “Product + Service + Digital” model combining advanced products, on-site technical support, and real-time monitoring solutions.
c) Commitment to green manufacturing and environmental sustainability.
d) Building long-term strategic partnerships with utilities, renewable energy developers, and industrial clients.

V-2 Development Goals

Near-Term Goals (2025–2027):

a) Increase production capacity from 300 to 350 tons/year.
b) Achieve TZS 5.8 billion in annual revenue and TZS 350 million in net profit by 2027.
c) Secure 25% domestic market share in Tanzania.
d) Expand export operations to at least five EAC countries.
e) Launch smart transformer product line with IoT monitoring features.

Mid-Term Goals (2028–2029):

a) Achieve annual production capacity of 380–400 tons/year.

b) Generate TZS 7.3 billion in revenue and TZS 650 million in profit.
c) Establish service hubs in Dar es Salaam, Arusha, and Mwanza for rapid response and maintenance.
d) Penetrate Southern African markets (Zambia, Mozambique).

Long-Term Goals (2030):

a) Become a Top 2 Electrical products supplier in East Africa.
b) Achieve TZS 8 billion in annual revenue and TZS 800 million in profit.
c) Be recognized as the regional benchmark for Electrical products technology, reliability, and after-sales service.
d) Achieve carbon-neutral manufacturing operations.

V-3 Development Strategy

1. Technology Leadership

a) Maintain continuous investment in R&D (minimum 2% of annual revenue).
b) Ensure compliance with IEC, ISO, and environmental standards for global competitiveness.

2. Market Penetration & Expansion

a) Honle will look to Consolidate market share in Tanzania through

competitive pricing, superior quality, and reliable after-sales support.

b) Implement targeted export strategies for high-potential East African markets.

c) Form joint ventures with regional distributors and EPC contractors.

3. Product + Service + Digital Model

a) Offer value-added services including on-site repairs, preventative maintenance contracts, and remote monitoring.

b) Provide tailored solutions for renewable energy integration and industrial applications.

c) Build a subscription-based digital monitoring platform for clients.

4. Operational Excellence

a) Optimize production processes to improve efficiency and reduce costs.

b) Implement lean manufacturing principles and automation technologies.

c) Establish robust supply chain agreements for critical raw materials.

5. Talent & Culture

a) Recruit, train, and retain top engineering and technical talent.

b) Foster a performance-driven culture with competitive incentives.

c) Partner with universities and technical institutes for skills development.

6. Financial Strength

a) Reinforce capital structure to support expansion.

b) Explore financing options including strategic investors, development bank funding, and equipment leasing.

c) Maintain disciplined cost control to improve profit margins.

7. Sustainability & Corporate Responsibility

a) Transition 50% of transformer oil to biodegradable alternatives by 2028.

b) Achieve a 15% reduction in energy use per unit output by 2030.

c) Support electrification of underserved communities through CSR initiatives.

V-3-1 Market Strategy

(1) Innovative Business Model – "Product + Service + Digital + Financing"

a) Evolve the model into "Product + Service + Digital + Financing" by adding client-friendly payment terms, leasing options, and performance-based service contracts.

b) Bundle products with long-term maintenance agreements to create recurring revenue streams.

c) Introduce Electrical products-as-a-service offering for

industrial and renewable energy clients, where they pay for usage rather than ownership.

d) Leverage customer success stories through targeted case studies, trade events, and industry forums to position Honle as the go-to brand for reliability and lifecycle support.

(2) Accelerated Product Penetration

a) Establish a demo unit program with key customers to fast-track trust in new technologies.
b) Secure anchor clients in each export country to act as brand ambassadors.
c) Participate in government procurement tenders and secure framework agreements for large-scale electrification projects.
d) Offer customizable products solutions to address niche industry needs, increasing switching costs for customers.

V-3-2 Technology Innovation / Product Development

(1) R&D Center as a Regional Hub

a) Position the Dar es Salaam R&D Center as a regional innovation hub, offering technical support and product adaptation services for all EAC markets.

(2) Strengthened Innovation Incentives

a) Establish an Innovation Bonus Pool funded by 5% of profits from newly launched products.
b) Implement a “Rapid Prototyping Program” allowing engineers to test new designs.

(3) Advanced Product Pipeline 2025–2030.

a) 2025–2028: Release eco-transformer range with biodegradable oil and recyclable materials.

b) 2029–2030: Introduce grid-edge transformers capable of two-way energy flow for advanced grid applications.

V-3-3 Production Strategy

a) Build a second assembly line dedicated to export orders by 2028.
b) Create a modular plant layout that can be replicated in other EAC countries if local assembly is required to win tenders.
c) Maintain an on-time delivery rate of 98% by implementing just-in-time supply chain practices.

V-3-4 Talent Strategy

a) Create a Leadership Development Program to prepare local managers for senior roles, reducing reliance on expatriate staff.
b) Sponsor engineering competitions and scholarships to attract top talent from universities.
c) Launch a Technical Training Academy within the plant to standardize skill development and certify technicians.
d) Set annual targets for employee retention rate above 90% and internal promotion rate above 30%.
e) Develop a Capital Deployment Plan ensuring each major investment generates at least a 20% Internal Rate of Return (IRR).

VI、Finance prediction

VI-1 2024-2030 Revenue Prediction

Unit：Million US Dollars

YEAR	2024	2025	2026	2027	2028	2029	2030
Revenue Prediction	4,923,000	5,200,000	5,500,000	5,800,000	6,100,000	6,400,000	6,600,000

VII. Risks and countermeasures

VII. Risks and Countermeasures

VII-1 Financial Risk

Like many small and medium-sized manufacturing enterprises in Tanzania, the company faces challenges in achieving economies of scale and maintaining adequate capitalization. Although Honle Electric East Africa Ltd has entered a phase of rapid industrial growth, scaling production and expanding regional market penetration require substantial financial resources.

Key Financial Risks:

Financing limitations restricting capacity expansion.

a) Currency exchange volatility (particularly USD/TZS) affecting the cost of imported raw materials such as copper, silicon steel, and transformer oil.
b) Rising interest rates could increase debt servicing costs.
c) Delayed customer payments, especially from large institutional clients, impacting cash flow.

Countermeasures:

a) Diversify funding sources, including development bank loans, strategic equity partners, and supplier credit arrangements.
b) Implement foreign exchange hedging strategies for large import transactions.
c) Strengthen credit control and introduce milestone-based invoicing for large projects.
d) Maintain a minimum liquidity reserve equivalent to three months of operating expenses.

VII-2 Technical Risk

While our technology remains at a leading level in the Tanzanian market, maintaining a competitive edge requires continuous innovation. Failure to invest in new designs and production methods could erode our cost-performance advantage and allow competitors to catch up.

Key Technical Risks:

a) Technological obsolescence if R&D investment lags behind market trends.
b) Rapid advances in smart grid and renewable integration technologies requiring faster product adaptation.
c) Quality risks from material substitution or supply chain disruptions.

Countermeasures:

a) Commit at least 2% of annual revenue to R&D.
b) Establish formal partnerships with universities, research institutions, and international transformer manufacturers.
c) File at least three new patents per year and protect intellectual property rights.
d) Introduce a quality assurance program including supplier audits and material traceability systems.

VII-3 Management Risk

Strong governance and operational discipline are essential to support high growth. Weaknesses in management systems can lead to quality lapses, cost overruns, or loss of market share.

Key Management Risks:

a) Insufficient managerial capacity to oversee multiple markets as exports expand.
b) Delayed decision-making in a fast-changing market environment.
c) Ineffective integration of technology, finance, and operational planning.

Countermeasures:

a) Implement a modern ERP system integrating production, sales, finance, and inventory.
b) Establish a management training program for middle and senior managers.
c) Define clear KPIs and accountability frameworks for all business units.
d) Maintain compliance with ISO 9001 (quality), ISO 14001 (environment), and ISO 45001 (safety).

VII-4 Supply Chain Risk

The company relies on imported raw materials that are vulnerable to global price fluctuations, shipping delays, and geopolitical disruptions.

Key Supply Chain Risks:

a) Copper and silicon steel price volatility.
b) Shipping delays due to port congestion or political unrest in transit countries.
c) Supplier concentration risk for critical components.

Countermeasures:

a) Develop multiple supplier relationships in different geographies.
b) Maintain strategic inventory of key materials covering at least three months of production.
c) Negotiate long-term fixed-price contracts with major suppliers.

VII-5 Environmental and Climate Risk

Climate change and extreme weather events can disrupt operations, damage infrastructure, and increase costs.

Key Environmental Risks:

a) Flooding or power outages affecting production facilities.
b) Rising temperatures impacting equipment storage and handling.

Countermeasures:

a) Upgrade factory drainage and electrical systems for climate resilience.
b) Use climate-resistant packaging and storage solutions for critical materials.
c) Invest in backup power systems and solar energy generation.

VIII. Corporate Social Responsibility (CSR) & ESG Commitments

Honle Electric East Africa Ltd recognizes that long-term business success is closely linked to environmental stewardship, social responsibility, and strong governance. Our CSR and ESG commitments for 2025–2030 will ensure that our growth delivers measurable benefits to the environment, our employees, and the communities we serve.

VIII-1 Environmental Commitment

Green Manufacturing: Reduce energy consumption per unit output by 15% by 2030 through production process optimization and investment in energy-efficient equipment.
Eco-Friendly Materials: Iincrease use of recyclable steel, copper, and insulation materials.
Carbon Neutrality Goal: Offset remaining emissions through renewable energy generation and tree-planting programs by 2030.

VIII-2 Social Commitment

Employment Creation: Increase total staff by atleast 50% 2030, with at least 30% of new hires from local communities.
Employee Welfare: Provide medical insurance, safe working conditions,

and career growth opportunities for all staff.

VIII-3 Governance Commitment

Transparency: Maintain annual sustainability reports aligned with Global Reporting Initiative (GRI) standards.
Compliance: Adhere to all applicable Tanzanian and EAC regulations, as well as ISO 9001 (quality), ISO 14001 (environment), and ISO 45001 (health & safety).
Ethical Practices: Enforce a zero-tolerance policy on bribery, corruption, and unethical business conduct.