

**ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED**

**Business Plan**

**For**

**Leasing of Mining and Construction**

**equipment**

## **1.0 INTRODUCTION**

ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED is a company incorporated in Tanzania with certificate of Incorporation No. 185018091 dated 16<sup>th</sup> May, 2025, as private limited company under the Tanzanian Companies Act, 2002. ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED is engaged in the business of Leasing of Mining and Construction equipment across Tanzania, ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED is currently planning to expand its services by increasing equipment's.

Equipment leasing is one of the world's oldest and most well-developed financing types. The board of directors have a long-experience in leasing of machines and equipment.

ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED primarily focuses on offering financing solutions to small and medium-sized businesses. It provides a range of leasing options to its clients, including percentage leases, capital leases, master-variable-rate agreements, and lease line agreements. In addition to this, the company also offers consulting services that help clients compare different

e-equipment types. This helps them make informed decisions before entering into any financial contracts.

ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED takes pride- in its deep understanding of comple-x financial instruments associated with equipme-nt leasing, its commitment to exce-ptional customer service, and its capacity to de-velop and offer tailor-made solutions for e-very client.

### **1.1 ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED MISSION**

To become a Mining and Construction equipment leasing leading company providing business enabling solutions and exceeding customer expectations.

### **1.2 ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED DVISION**

To deliver customized and unique logistics solutions ensuring time and cost savings for customers.

### **1.3 ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED VALUES**

At ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED, we believe the customer comes first; the company management is focused to ensure customer delight, superior quality of delivery and increased customer profitability.

At ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED, our operations all over the country, we practice an enduring value system based on an open culture, honest and fair business and personal conduct, earning the confidence and trust of our Associates and Customers.

At ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED, we practice transparency with all agencies that we are involved with.

At ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED, we value the importance of our colleagues, evolving a sense of togetherness and passion to deliver.

### **1.3 Competitive Edge**

ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED is taking his industry observations and carving out a niche in the industry by emphasizing two competitive edges that will greatly assist the company in gaining market share

- **Highest-quality product offerings:** If customers are going to lease or rent they want to use the best products. ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED procurement process only purchases the finest tools in the respective category, ensuring that customers will be thrilled with the selection. In addition to starting with the highest quality tools, the products are meticulously maintained so that they continue to appear as new.
- **Benchmarked customer service:** The function of ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED will help the customer in any way possible. This includes determining which tool is best for the job, explaining the proper way to use the tool, as well as offering suggestion on how best to complete the job. Every sales agent is the customer's personal expert. It is Borrow My Tools' mission to ensure every customer has their expectations exceeded.

ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED is an exciting new concept that recognizes the competitor's customer service short comings and leverages ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED' sphenomenal customer support to address the market niche that wants a positive experience and needs assistance with their lease or rental. By adhering to a

comprehensive rental business plan strategy,ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED will quickly gain market share and transform this start-up’s business into a profitable venture.

### 1.5 Keys to Success

- Maintain a sufficient inventory of high-quality tools, kept in excellent condition.
- Ensure all staff are extremely knowledgeable on all of the offered tools.
- Maintain strict inventory and accounting controls, reducing overhead while assuring availability at the same time.

### 1.6 COMPANY OWNERSHIP

ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED is promoted by four shareholders who are very experienced in transport and logistic business.

Share Holders	% of Share	Nationality
YAN WENTAO P. O. Box 75846-DAR ES SALAAM	80	China
YAN WENJING P. O. Box 75846-DAR ES SALAAM	20	China

## **1.7 PROJECT LOCATION**

Registered office of the ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED is located at **Plot No .3 Block 15, Kiziza Street, Kibada, Kigamboni District Dar Es Salaam Region, Tanzania**

## **2.0 SERVICES**

ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED leases and rents a variety of machines and equipment tools. The tools have been categorized into three large groups: wood, exterior, and assorted. All of the tools that Borrow My Tools leases or rents are of the highest quality and are in outstanding condition. Borrow My Tools has developed a strategic relationship with a premier leasing company to allow customers to lease tools from them. Leasing is advantageous in many ways: the customer always has the nicest/newest version to work with, precious capital is not tied up, lines of credit from banks are not affected by leases, and certain tax advantages are conferred to the lessee.

### **2.1 Products and pricing**

- Cash Flow Financing: term lengths ranging from 24 months to up to 30 years, depending on the asset type, value, and

specifics of the transaction. Upfront payments are similar to other equipment leasing options.

- Operating Leases: short-term leases with terms ranging from 1-5 years. No upfront payments are required.
- Percentage or Fair Market Value Leases: term lengths ranging from 1-5 years with fair market value buyouts at the end of the term. There is no upfront payment required.
- Sale-Leaseback Transactions: term lengths ranging from 1-3 years. Upfront payments are required, and these transactions depend on the asset's value at the beginning of the term.
- Master Variable Rate Agreements: variable rate financing programs that adjust monthly payments based on the changing interest rate environment. Generally, these agreements are paired with a fixed-rate option.
- Lease Line Agreements: agreements in which the lessee is pre-approved for periodic borrowing up to an established credit line. Payments are determined based on the borrowing amount, and terms range from 12-24 months. Upfront payments are not required.

## **2.2 PROJECT ESTIMATED REVENUE**

The company has estimated that the average price for leasing will be US\$ 400 per day and 50 machines to be available for lease

### **2.3 PROJECT OPERATING COST**

The company has estimated that the project operating cost and other cost to be 30 % of the total annual revenue

### **2.4 PROJECT FINANCING**

The company has estimated that the project will be financed by long shareholders contribution and cashflows generated from business US\$ 5,805,000

### **2.5 PROJECT COST**

The project has budgeted to cost the followings:

Land and Buildings	400,000
Machinery & Equipment	5,000,000
Motor Vehicles	100,000
Furniture & Fixtures	5,000
Pre exp	20,000
Others	80,000
Working Capital	200,000
<b>TOTAL</b>	<b>5,805,000</b>

### **2.6 ORGANISATION FLOW CHART\**

ZHONGYUAN INTERNATIONAL MINING &TRADE COMPANY LIMITED management is headed by Managing Director, the three will form Core management team to be assisted with, 1 HR and

Admin Manager, 1 Logistics Manager, 1 Chief Accountant and 2 Junior accounting clerks. Operational team headed by 3 operational managers and includes drivers and cleaners, total of 15 people to be employed

### **3.0 MINING OVER VIEW**

Mining a leading industrial sector in Tanzania with the value of mineral exports constantly increasing for the past several years. The sector is comprised of both small- and large-scale operations. Mining in Tanzania includes metals (gold, iron ore, nickel, copper, cobalt, silver), industrial minerals (diamonds, tanzanite, ruby, garnet, limestone, soda ash, gypsum, salt, phosphate, gravel, sand, dimension stones and graphite), and fuel minerals (coal, uranium). Tanzania is also home to many rare earth and critical minerals that are currently in the exploration stage.

Tanzania earned around 2.3 billion U.S. dollars with minerals exports in 2019, a significant increase over 2018 level of 1.6 billion U.S. dollars. Gold had the highest contribution to the value of mineral exports. Tanzania is the 4th largest gold producer in Africa after South Africa, Ghana and Mali and is the world's sole producer of the precious stone Tanzanite. Gold production

currently stands at roughly 40 tonnes a year, copper at 2980 tonnes, silver at 10 tonnes and diamond at 112,670 carats.

Mining and quarrying activities had a very large contribution to Tanzania's Gross Domestic Product (GDP) growth in the first quarter of 2021. The sector recorded 10.2 percent of the GDP equivalent to 1,473,804 million TZS.

The Tanzania mining industry remains attractive to investors, given the next few years of significant diversification to the mining of nickel, uranium and coal. There is also availability of investment incentives and supply chain opportunities in the mining sector.

### **3.1 CONSTRUCTION SECTOR OVER VIEW**

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

There has been a consistent, yearly increase in government spending on infrastructure this past decade which has acted as a

stimulant for continued inflows of investments in the construction industry. The infrastructure sector has been the key beneficiary of 2021-22 budget as Tanzania commences the third phase of country's Five-Year Development Plan (FYTDP III).

Projects to be financed by the government under the plan include the construction of the Standard Gauge Railway (included in the TZS 1.19 trillion allocated for railways), construction of Julius Nyerere Hydropower Project (2,115 MW) (included in TZS 2.34 trillion allocated to power projects), strengthening Air Tanzania Company Ltd, and construction of Crude Oil Pipeline Project from Hoima (Uganda) to Chongoleani, Tanga (Tanzania), and the Busisi bridge in Mwanza. As of 2020, construction contributed 14.4 percent to the country's GDP.

- Real Estate

Tanzania's real estate sector contributed 3.1 % to the country's real GDP with USD 1.5 billion in 2019, compared to USD 1.2 billion in 2015, an increase of 25%. The large residential housing market is dominated by individual homebuilders who account for over 70% of the total supply.

Housing demand is increasing by about 200,000 units annually, with the current housing deficit estimated at about 3 million units, according to Tanzania Ministry of Lands, Housing and Human Settlements Development.

Commercial real estate is also on the rise as the country emerges as a middle-income economy. Dar es Salaam is the main area of office and retail activity with a retail stock of 153,000 sqm. The main premium malls are Mlimani City Mall in Mwenge, Aura Mall in Upanga, and Mkuki Mall in Kisutu.

The formal retail sector in Dar es Salaam remains undersupplied presenting investors with an opportunity for growth.

- Transport

Tanzania transport consists of surface transport (road and railways), inland waterways (lakes and rivers), air transport and sea transport. It is estimate that the sector contributed 8.1% percent to the country's GDP in 2018 with USD 3.8 billion.

Improving the transportation infrastructure is a key priority for the Government of Tanzania. Improving the nation's roads, ports, railways and airport infrastructure is critical for the country to

improve its internal and external trade and commercial activities as Tanzania strives to become a middle-income country.

Institutions such as World Bank and African Development Bank continue to support Tanzania in achieving its infrastructure development goals through provision of grants and credits.

- **Roads**

According to Tanzania's 2025 Development Vision, the government has prioritized development of road networks which is the most widely used form of Transport carrying over 90% of passengers and 75% of cargo in the country.

The road network in Tanzania currently comprises 86,472 kilometers of roads, of which 12,786 kilometers are trunk roads, 21,105 kilometers are regional roads and the remaining 52,581 kilometers are district, urban and feeder roads.

Tanzania National Roads Agency (TANROADS) is managing the national road network of about 33,891 kilometers, comprising 12,786 kilometers of trunk and 21,105 kilometers of regional roads.

- **Rail**

This is another important mode of transport linking regions within and outside Tanzania. Tanzania railway is operated by two railway systems, Tanzania Railway Corporation and Tanzania Zambia Railways (TAZARA).

The new standard gauge railway is under construction to replace the old inefficient meter gauge railway system. The railway system will link Tanzania with neighboring countries of Rwanda and Uganda and through these two, to Burundi and the Democratic Republic of the Congo, as part of East African Railway Master Plan.

Up until February 2020, the government of Tanzania was using locally generated funds and short-term temporary loans to fund the construction of the first two phases of this standard gauge railway project.

In February 2020, the government received a syndicated loan worth US\$1.46 billion, towards the completion of the first two phases of the national SGR. The financing package has Standard Chartered as lead arranger and the Export Credit Agencies of Denmark and Sweden, as major funding sources. The combined

contract value for the first two phases is US\$2.35 billion with US\$950 million worth of funding to be organized by the Tanzania Ministry of Finance and the remaining US\$1.45 billion by Yapı Merkezi.

- **Air:**

The government has also made effort to develop the air transport in the country through constructing of new airports and terminals. In 2019, the AfDB approved a USD 272.12 million loan to Tanzania for the construction of a new international airport in the capital Dodoma. The new airport will be built in the district of Msalato, 12 kilometers from the capital Dodoma. The new facility is expected to handle at least 50,000 aircrafts and one million passengers per year.

- **Ports**

Tanzania Ports Authority (TPA) is implementing several major projects as outlined in the National Ports Master Plan (PMP). The study laid out long term strategy for Tanzanian Ports to create capacity for the expected demand. One of such projects is the Dar es Salaam Maritime Gateway Project (DMGP).

DMGP plans to improve port effectiveness and efficiency by converting the port into a world class port with optimized

efficiency to accommodate the calling and reception of larger vessels.

Port modernization projects include but are not limited to strengthening and deepening of berths 1-7 and RORO terminal, dredging of entrance channel, turning circle and harbor basin, strengthening and deepening berths 8-11, and constructing a new terminal jetty.

#### **4.0 SWOT ANALYSIS**

##### **STRENGTHS**

Strengths of the business are –

- Promoters have sound experience in this business and have talented Management.
- Rapid growth in sector due to effective management
- Influence & Networking of Directors in the Business Sector.
- Business location is at prominent place.
- Good roads and highway in Tanzania.
- Confirmed business via agreement entered with few companies.

## WEAKNESSES

Weakness of the business are –

- New entry in market
- Stiff competition from local market
- Limited market share growth

## OPPORTUNITIES

Opportunities of the business are –

- Potential market encourages foreign investors
- Increasing market share
- Augmented demand for good quality products

## THREATS

Threats of the business are –

- Complex Tax Structure
- Unorganised sector and competition
- Different laws in different countries
- Increasing fuel rates therefore increasing costs.

## **6.0 PROJECTED FINANCIAL STATEMENTS**

### **6.1 Projected Profit and Loss Statement**

The attached Appendix I shows the projected income for the 8years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow

from. **US\$ 1,275,050 in** the 1<sup>st</sup> year to **US\$ 7,070,660** in the 5<sup>th</sup> year.

## 6.2 **Projected Cash Flows**

The project's cash flows are shown in Appendix II. They depict a good liquid position right from the first year. Cash accumulation builds up from **US\$1,343,550 in** the first year to **US\$ 7,413,160** at the end of 5<sup>th</sup> years of the project's operations based on the 50 unit obtained.

## 6.3 **Projected Balance Sheet**

The project's assets cash flows are shown in Appendix III. Owners' equity grows from **US\$ 5,805,000 in** the first year to **US\$ 12,875,660 at** the end of 8<sup>th</sup> years of the project's operations based

## 6.4 **Payback Period**

Total investment is **US\$5,805,000** cash accumulation in 7<sup>th</sup> year **US\$, 7,413,160** which is more than the initial investment, The project payback Period is exactly 7 years. The project has a relatively short payback period.

## 7.0 **ECONOMIC ASPECTS OF THE PROJECTS**

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country viz.

### **(i) Employment Opportunities**

Employment and poverty reduction are among the major concern of the Central and the Local Government authorities. It is gratifying to note that the company, is going to provide additional employment to 15 people. This is a significant contribution coming from local investors.

### **(ii) Revenue to the Government**

The Project is expected to pay a substantial annual amount in the form of corporation tax and other taxes

### **(iii) Foreign Exchange Earning**

## 8.0 **CONCLUSION**

- (iv) The project is profitable and contributes to government revenue by way of taxes.
- (v) The project provides employment to 15 people.
- (vi) The project is an encouraging sign to prove that we have good business environments and we have investors who have confidence in their country. Tanzania so much so that

they are ready to invest such large sums of investment despite the odds of the sector in question.

## 9.0 **RECOMMENDATION**

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implemented and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania

Revenue Authority, TRA and the Tanzania Investment Centre – (TIC). The project deserves this support because of its viability,

since it is technical feasible, economically viable and socially acceptable.

**APPENDIX I****ZHONGYUAN INTERNATIONAL MINING & TRADE COMPANY LIMITED PROJECTED PROFIT AND LOSS STATEMENT US\$**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Revenue (Food & drinks)	2,700,000	2,835,000	2,976,750	3,125,588	3,281,867
Operating Expenses:	810,000	850,500	893,025	937,676	984,560
Profit before Depreciation & Interest	1,890,000	1,984,500	2,083,725	2,187,911	2,297,307
Interest	-	-	-	-	-
Depreciation	68,500	68,500	68,500	68,500	68,500
Gross Profit	1,821,500	1,916,000	2,015,225	2,119,411	2,228,807
Tax (30%)	546,450	574,800	604,568	635,823	668,642
Profit After Tax	1,275,050	1,341,200	1,410,658	1,483,588	1,560,165
Accumulated Profit	1,275,050	2,616,250	4,026,908	5,510,495	7,070,660

**APPENDIX II**

**ZHONGYUAN INTERNATIONAL MINING & TRADE COMPANY LIMITED PROJECTED CASH FLOWS US\$**

<b>SOURCES:</b>		1	2	3	4	5
Profit before interest and depreciation	-	1,890,000	1,984,500	2,083,725	2,187,911	2,297,307
Equity	5,805,000					
Loan	0					
<b>Total Sources</b>	<b>5,805,000</b>	<b>1,890,000</b>	<b>1,984,500</b>	<b>2,083,725</b>	<b>2,187,911</b>	<b>2,297,307</b>
<b>Applications:</b>						
Capital expenditure	5,505,000	-	-	-	-	-
working Capital & Others	300,000					
Cash	-	1,343,550	1,409,700	1,479,158	1,552,088	1,628,665
Tax	-	546,450	574,800	604,568	635,823	668,642
<b>Sub total</b>	<b>5,805,000</b>	<b>1,890,000</b>	<b>1,984,500</b>	<b>2,083,725</b>	<b>2,187,911</b>	<b>2,297,307</b>
<b>Total applications</b>	<b>5,805,000</b>	<b>1,890,000</b>	<b>1,984,500</b>	<b>2,083,725</b>	<b>2,187,911</b>	<b>2,297,307</b>
<b>Accumulated cash</b>		<b>1,343,550</b>	<b>2,753,250</b>	<b>4,232,408</b>	<b>5,784,495</b>	<b>7,413,160</b>

**APPENDIX III**

**ZHONGYUAN INTERNATIONAL MINING & TRADE COMPANY LIMITED PROJECTED BALANCE SHEET US\$**

<u>Fixed Assets</u>	-	1	2	3	4	5
Opening balance	-	5,505,000	5,436,500	5,368,000	5,299,500	5,231,000
Total Long-term Assets	-	5,505,000	5,436,500	5,368,000	5,299,500	5,231,000
Less depreciation	-	68,500	68,500	68,500	68,500	68,500
Closing balance	-	5,436,500	5,368,000	5,299,500	5,231,000	5,162,500
Working capital	300,000	300,000	300,000	300,000	300,000	300,000
Accumulated cash	-	1,343,550	2,753,250	4,232,408	5,784,495	7,413,160
Total assets	300,000	7,080,050	8,421,250	9,831,908	11,315,495	12,875,660
Financed by						
Equity	5,805,000	5,805,000	5,805,000	5,805,000	5,805,000	5,805,000
Accumulated profit	-	1,275,050	2,616,250	4,026,908	5,510,495	7,070,660
Total equity	5,805,000	7,080,050	8,421,250	9,831,908	11,315,495	12,875,660
Total equity and debts	5,805,000	7,080,050	8,421,250	9,831,908	11,315,495	12,875,660

**APPENDIX IV**

**ZHONGYUAN INTERNATIONAL MINING & TRADE COMPANY LIMITED PROJECTED DEPRECIATION SCHEDULE**

	1	2	3	4	5
Land And Buildings	400,000	392,000	384,000	376,000	368,000
Machinery, Tools & Equipment	5,000,000	4,950,000	4,900,000	4,850,000	4,800,000
Motor Vehicles	100,000	90,000	80,000	70,000	60,000
Furniture & Fixtures	5,000	4,500	4,000	3,500	3,000
<b>Total</b>	<b>5,505,000</b>	<b>5,436,500</b>	<b>5,368,000</b>	<b>5,299,500</b>	<b>5,231,000</b>
<b>DEPRECIATION</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Land and buildings	8,000	8,000.00	8,000.00	8,000.00	8,000.00
Machinery tools & Equipment	50,000	50,000.00	50,000.00	50,000.00	50,000.00
Motor Vehicles	10,000	10,000	10,000	10,000	10,000
Furniture & Fixtures	500	500.00	500.00	500.00	500.00
<b>ANNUAL DEPRECIATION</b>	<b>68,500</b>	<b>68,500</b>	<b>68,500</b>	<b>68,500</b>	<b>68,500</b>



