

QIANG BIAO COMPANY LIMITED

BUISINESS PLAN

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DAR ES SALAAM

EXECUTIVE SUMMARY.

QIANG BIAO COMPANY LIMITED is a private company incorporated on 16th April 2024 under the Companies Act 2002 of the United Republic of Tanzania, with certificate number 173910819 issued by BRELA. The company is 100 percent owned by Chinese shareholders.

QIANG BIAO COMPANY LIMITED specializes in the fabrication of high-quality metal products, including iron nails, screws, nuts, bolts, and iron nets. In addition to its core metal fabrication operations, the company is actively involved in the production and supply of abrasive products such as cutting discs and a range of welding materials, including covered electrodes and solder wires.

With a commitment to excellence, QIANG BIAO COMPANY LIMITED leverages advanced manufacturing techniques to meet the growing demand for essential metal products, abrasive solutions, and welding materials across construction, manufacturing, and various industrial sectors. The company's vision is rooted in innovation, efficiency, and contributing to the local economy's growth through sustainable and high-standard practices.

The proposed new project for **QIANG BIAO COMPANY LIMITED** shall cost AROUND US\$ 1.05M and creating new employment of 200 local people and 50 foreign people

1.0 SHAREHOLDERS

The shareholders of QIANG BIAO COMPANY LIMITED consist of HUATAN INTERNATIONAL (HONG KONG) INVESTMENT CO., LIMITED and Mr. LIU LIWEI. Both shareholders are esteemed Chinese entities with extensive expertise and experience in the core operations and activities undertaken by QIANG BIAO COMPANY LIMITED.

Name	% of Shares	Nationality
HUATAN INTERNATIONAL (HONG KONG) INVESTMENT CO., LIMITED	95%	Chinese
LIU LIWEI	5%	Chines

2.0 THE PROJECT OBJECTIVES

The objective of QIANG BIAO COMPANY LIMITED is to excel in the fabrication and supply of high-quality metal products, abrasive solutions, and welding materials. The company aims to address the growing needs of construction, manufacturing, and industrial sectors by leveraging advanced manufacturing techniques. Its vision focuses on innovation, efficiency, and fostering local economic growth through sustainable and high-standard practices.

3.0 WHY THE COMPANY IS INVESTING THE PROJECT IN TANZANIA

a) Peace and political stability

The country is peaceful and politically stable country with no history of civil wars, ethnic conflicts or internal uprising.

The country's political stability is crucial as it provides protection investors capital.

b) Economic stability with high growth potential

One of the 10 most attractive investment countries for in the world.

Largest country by population (over 60 million) and land mass in East Africa

Young and vibrant population growing at 5% per annum.

c) Rich Natural Resources

Boasts in the presence of precious minerals and stones e.g. Tanzanite and gold, tourist attractions, natural gas and vast arable land.

d) investment Incentives and Guarantees

Attractive fiscal incentives for investment with Guarantees against nationalization & expropriation.

4.0 PROJECT BACKGROUND

In Tanzania, several projects and companies have been established in the fields of metal fabrication, abrasive product manufacturing, and welding materials. Here are a few examples:

1. **AKCO Tanzania Limited** specializes in welding and metal fabrication services. They focus on cutting, bending, and assembling metals to create various structures for industrial and construction purposes.

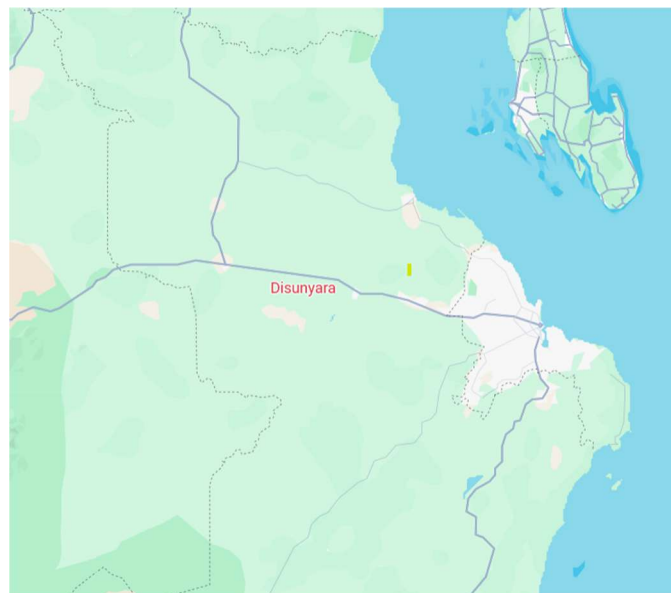
2. **Mike Rowland Tanzania Limited** offers diverse mechanical services, including metal fabrication, welding (ARC, TIG, and MIG), pipe works, and insulation. They cater to industries requiring high-quality welding and fabrication expertise.

3. **Hot Metal Welding Company Ltd** operates as a multidisciplinary industrial contractor and supplier. They provide services such as steel fabrication, drafting, delivery, and installation, along with mining equipment repairs and maintenance.

These companies demonstrate the growing demand for metal fabrication and related services in Tanzania, driven by industrial and infrastructure development.

5.0 LOCATION AND SITE

The Project is located in a strategic location and a strong background with small and large clients at Mlandizi, Plot no. 867, Block E, Disunyara Mlandizi, Kibaha District, Tanzania and the all-surrounding areas in Coast region as well as in Dar es Salaam.



Source: Google map, Disunyara Mlandizi, Kibaha District

6.0 ENVIRONMENTAL REQUIREMENT

According to the Environment Management Act (EMA) of 2004 and the Environmental Impact Assessment and Audit Regulation (EIA) of 2005 (Section 17), an Environmental Impact Assessment (EIA) is mandatory before establishing any project involving the construction of factories, industries, or associated infrastructure. Accordingly, this project underwent an EIA study, which culminated in the production of an EIA statement, in compliance with Section 14 of the EIA and Audit Regulation (2005).

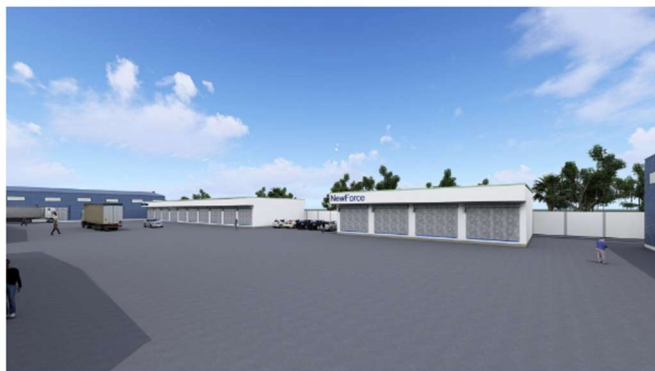
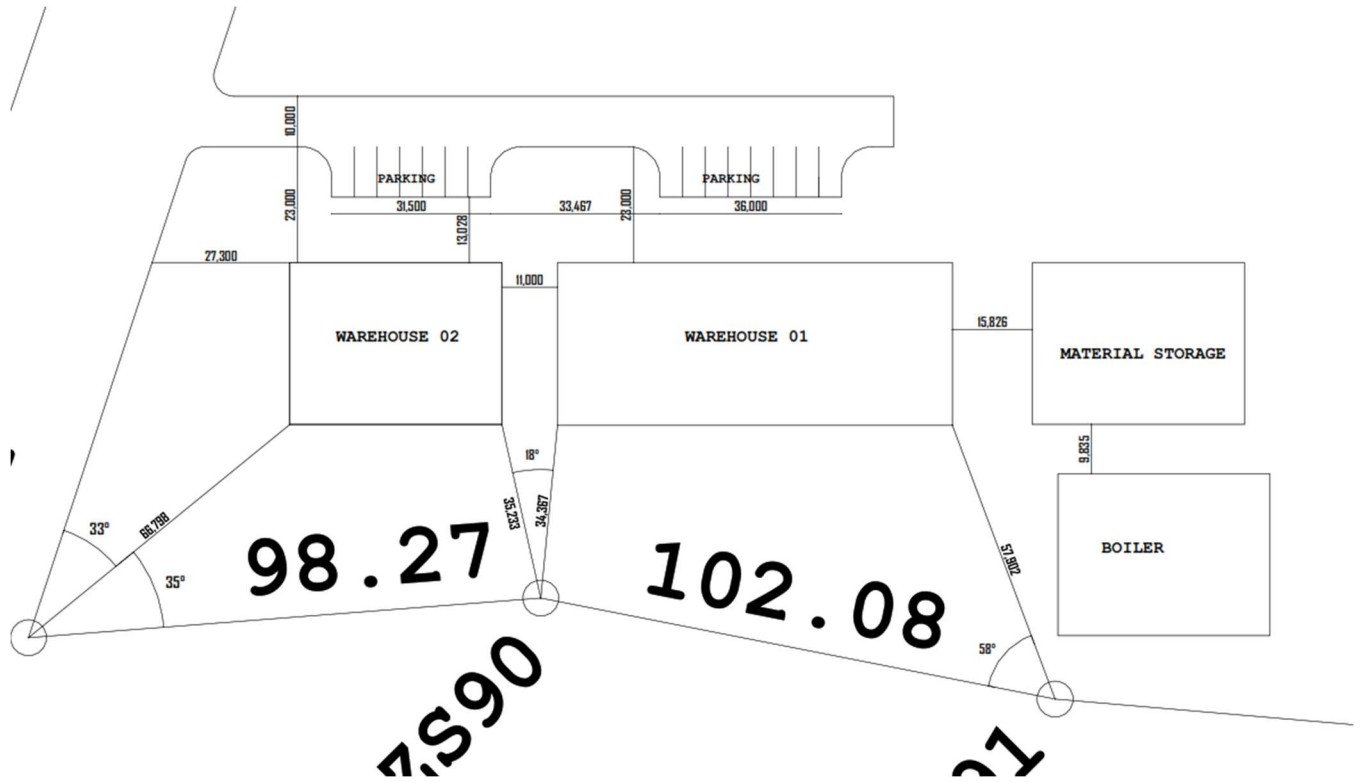
The application for environmental authorization was submitted to the National Environment Management Council (NEMC) on April 5, 2024, and it was determined that the development requires a full EIA.

The primary objectives of conducting the Environmental Impact Assessment are to ensure that environmental considerations are thoroughly addressed and incorporated into the decision-making process for development projects. Additionally, the EIA aims to anticipate, avoid, and minimize significant adverse environmental and social impacts while enhancing positive contributions to the environment

7.0 PROJECT COMPONENTS/LAYOUT

The proposed project factory lay out is the one appropriate for the functional areas, however among the key functional areas of the facility will include the following:

- Storage space for processing inputs
- Office space
- Production hall
- Storage of proposed products
- Social amenities space
- Parking areas



8.0 MANPOWER

Estimate manpower according to the proposed organization set up has been estimated at 200 Tanzanians and 50 foreign experts. This again has been derived taking into account the types of activities that are intended to be undertaken.

9.0 MANAGEMENT SUMMARY

The QIANG BIAO COMPANY LIMITED will start with 50 qualified and experienced employees. An increase to 200 employees will {key to be needed in four to six months after starting production.

ORGANIZATIONAL STRU CTURE

The QIANG BIAO COMPANY LIMITED shall have:

A Lawyer who is going to handle legal matters and written agreements.

MANAGEMENT TEAM

- a) **Directors:** shall have overall responsibility for the implementation of the company's policy. In particular, they are responsible for ensuring the policy is widely communicated and that its effectiveness is monitored.
- b) **Senior Manager:** are wholly accountable to the directors for the implementation and monitoring of the policy within the area of their specified responsibility.
- c) **Administration Manager/ safety officer.** Is a nominated manager responsible for coordinating effective safety and health policies and controls across the company.
- d) Accountant, project manager, drivers, technicians, translators and other employment

THE PERSONNEL PLAN

The personnel plan indicates employees for each department as follows:

a. Administration	1
b. Marketing	6
c. Sales/ broker	6
d. Accounts	6
e. Drivers	4
f. Technicians	5
g. Chinese, English, Swahili & Translators	1
h. Senior Manager	1
i. Administration Manager/ safety officer	1
j. Quality assurance	2
k. Expatriates (foreign employees)	12
l. A nurse (red cross expert)	1
m. Local inexperienced employees	150
n. others mechanic	4
o. Non-Skilled Labor	30

10.0 IMPLEMENTATION SCHEDULE

It is estimated that the implementation period takes about **1YEARS** to completion once the decision for implementation has been reached.

11.0 PROJECT TARGET PRODUCTS

Qiang Biao Company Limited is targeting to produce the following products:

Metal Fabrication

- Fasteners: Bolts, nuts, screws.
- Structural Components: Iron sheets/tiles and metal frames.
- Consumer Goods: Cutlery, cans, and metal furniture.



Abrasive Product Manufacturing

- Grinding Wheels: Used for cutting and grinding metals.
- Sandpapers: For smoothing surfaces.
- Cutoff Wheels: For masonry and metal cutting.
- Polishing Compounds: For finishing surfaces.
- Abrasive Belts: Used in industrial sanding and finishing.



Welding Materials

- Electrodes: For arc welding.
- Filler Metals: Such as rods and wires for TIG and MIG welding.

- Fluxes: To protect welds from oxidation.
- Welding Gases: Like argon and CO2 for shielding.
- Welding Machines: Essential tools for the process.



12.0 INVESTMENT COST AND SOURCE OF FINANCE

This project initial investment cost in fixed assets and working capital is estimated to USD 1.05 Million. the breakdown is as follows:

Table 7.1 INVESTMENT STRUCTURES

ITEM	USD
FIXED ASSESTS	
Land and Civil Works/Construction	567,000
MACHINERY AND EQUIPMENTS	378,000
Operational Expenses	100,000
GRAND TOTAL	1,045,000

The Total investment cost shall be financed as follows

Table 7.2 Total Investment Cost

SOURCE	USD
FIXED ASSESTS	
EQUITY (60%)	226,800

LONG-TERM LOAN-CHINA (40%)	151,200
Sub-Total	378,000
Working Capital	
Bank overdraft (25%)	116,750
Equity (75%)	500,250
Sub-Total	667,000
GRAND TOTAL	1,045,00

13.0 OPERATION COST

The structure of operating costs at full capacity is given below. This level refers to the initial year in subsequently year they are expected to increase at the rate of 2%-5% per annum.

Table 13: OPERATION COST

	Year 1	Year 2	Year 3	Year 4
Building Material	1,200,000,000	770,000,000	847,000,000	931,700,000
Salaries and Wages	375,000,000	275,000,000	302,500,000	332,000,000
Electricity	642,000,000	275,000,000	302,500,000	111,000,000
Maintenance and Repairs	50,000,000	65,000,000	81,500,000	99,650,000
Advertisement	20,000,000	99,000,000	100,000,000	102,000,000
Royalties	135,000,000	148,000,000	163,350,000	179,680,000
Environmental Cost	65,000,000	65,000,000	65,000,000	65,000,000
Administrative Cost (3%)	44,700,000	49,275,000	53,000,000	58,000,000
Total	2,531,700,000	1,565,775,000	1,712,730,500	1,899,590,900

14.0 FINANCIAL AND ECONOMIC ANALYSIS

The prices of raw materials and finished products are projected to remain stable over the 10-year lifespan of the project. In the event of fluctuations in input costs, adjustments will be made to the pricing of the company's fabricated metal products, such as iron nails, screws, nuts, bolts, and iron nets, to maintain the desired profit margins.

Income

The projected income for the first year is estimated to average TZS 49,634,000, with anticipated growth reaching TZS 74,635,586 starting from Year 5 and beyond.

Expenditure

Expenditures encompass all operational costs, including raw materials, manufacturing overheads, depreciation, and financial charges. A detailed breakdown of these costs can be found in Appendices 8: A.

15.0 PROJECTED INCOME STATEMENT FOR THE YEARS 2024 TO 2028

The following is the management's projections of financial performance (income Statement) for the year 2024 to 2028 with the effect of loan facilities. Revenues are expected to be growing by 20% throughout the years. Operating expenses is projected to increase by an average of 12% per year until the end 2028. Basing on the above projections, here is the year's projected income statement of the business.

Table 15:INCOME STATEMENT

Description	2028	2027	2026	2025	2024
	TZS '000'	1Zs '000'	TZS '000'	TZS '000'	TZS '000'
Revenues	3,932,161	3,510,858	3,134,695	1,091,948	-
Direct expenses	2,300,314	2,053,852	1,833,796	638,790	
Gross Profit	1,631,847	1,457,006	1,300,898	453,158	
Expenses					
Administrative Expenses	221,212	210,678	200,645	191,091	
Marketing and Promotion	314,573	280,869	250,776	87,356	
Staff Costs	51,517	49,064	46,727	44,502	
Audit Fee					
interest on Term Loan	101,489	108,660	115,151	121,028	
Interest on Overdraft	50,234	83,723	139,539	232,565	
Depreciation	160,331	204,905	264,337	343,579	445,555
Total Expenses	899,355	937,898	1,017,175	1,020,121	445,555
Profit before taxation	732,491	519,108	283,723	-566,962	-445,555
Income tax	219,747	155,732	85,117		
Profit for the year	512,744	363,376	198,606	-566,962	-445,555

16.0 PROJECTED FINANCIAL POSITION STATEMENT AS AT END OF YEAR 2024 TO 2028

As the business continues its normal operating cycle, most items on the balance sheet are expected to steadily increase, reflecting the company's growth in the fabrication of metal products such as iron nails, screws, nuts, bolts, and iron nets.

Currently, the only non-current assets owned by the company consist of furniture,

fittings, and motor vehicles. These assets serve as foundational resources to support the company's operations.

Below is the projected Statement of Financial Position for the business as at the end of the years 2024 to 2028, highlighting its financial evolution and capacity to expand in the fabrication sector.

TABLE 16: FINANCIAL POSITION STATEMENT AS AT END OF YEAR 2024 TO 2028

Description	2028	2027	2026	2025	2024
	1ZS '000°	TS '000'	1ZS '000°	TZS '000'	ZS '000'
ASSETS					
Property, plant and equipment	705,474	865,805	1,070,710	1,335,047	1,678,625
Total Non-Current assets	705,474	865.805	1,070,710	1,335,047	1,678,625
Current assets:					
Stock	805,110	718,848	641,829	223,576	
Debtors and other receivables	983,040	877,714	783,674	272,987	
Cash at Bank & Hand	269,458	192,378	447,698	1,979.22	146,170
Total CurrentAssets	2,057,608	1,788,941	1,873,201	2,475,783	146,170
TOTAL ASSETS	2,763,082	2,654,746	2,943,911	3,810,830	1,824,795
EQUITY & LIABILITIES					
<i>Current Liabilities</i> Trade payables					
	260,444	217,037	180,864	150,720	125,600
Bank Overdraft	558,155	930,258	1,550,430	2,584,050	
	818,599	1,147,295	1,731,294	2,734,770	125,600
<i>Non-Current liabilities</i>					
Term loan	972,624	1,048,337	1,116,878	1,178,927	1,235,100
	972,624	1,048,337	1,116,878	1,178,927	1,235,100
<i>Equity</i>					
Shareholder Contributions	909,650	909,650	909,650	909,650	909,650
Retained earnings	62,208	(450,536)	-813,911	-1,012,517	-445,555
	971,858	459,114	95,739	-102,867	464,095
TOTAL EQUITY AND LIABILITIES	2,763,082	2,654, 746	2,943,911	3,810,830	1,824,795

17.0 PROJECTED SHEET: FOR THE END OF THE YEAR 2024 TO 2028

	NOTE	2024	2025	2026	2027	2028
		"000"	"000"	"000"	"000"	"000"
CURRENT ASSETS :						
Inventory				223,576		
Debtors and Prepayments	805,110	718,848	641,829		51,271	
Cash and Bank balance	983,040	897,714	783,674	272,987	46,175	
	269,458	192,378	447,698	1,979,220	48,724	
TOTAL CURRENT ASSETS	2,763,082	2,674,745	2,943,911	3,810,830	1,824,795	
EQUITY AND LIABILITIES:						
Current Liabilities;						
Trade Creditors and Accruals	260,444	217,037	180,864	150,720	100,600	
Bank overdraft	558,155	930,258	1,550,430	2,584,050	25,000	
Term Loan (non-current liabilities)	972,624	1,048,337	1,16,878	1,178,927	1,235,100	
	1,791,223	2,195,632	2,848,172	3,913,697	1,360,700	
FINANCED BY;						
Shareholder contributions						
	909,650	909,650	909,650	909,650	909,650	
Retained earnings	62,208	-450,536	(813,911)	(,012,517)	-445,555	
	971,858	459,114	95,739	(102,867)	464,095	
TOTAL EQUITY AND LIABILITY	2,763,081	2,654,746	2,943,911	3,810,830	1,824,795	

18.0 FINANCIAL INDICATORS

The financial Indicator shows that the project is viable as hereafter confirm below:

18.1 BREAK-EVEN ANALYSIS 3RD YEAR

The breakeven Analysis on the 2nd year of operations shows that break Even Sales and Breakeven capacity of 30%

18.2 INTERNAL RATE OF RETURN (IRR) AFTER TAX

The project IRR after Tax is 30% well above the lending rate of 10% and 12% assume for long term loan and bank overdraft.

18.3 PAYBACK PERIOD

This given an estimate period from start of operation and time when the initial fixed investment is recovered through profits after tax and depreciation charges. The payback Period for the undertaking estimate at round 4 years and 5 months.

19.0 ECONOMIC ADVANTAGES

On the basis of the above account the analysis has overwhelmingly proved that the project is financially sound and techno-economically viable.

Furthermore, the project has potential towards the earning of the foreign currency. It is hereby recommended that the Project be implemented; the envisaged undertaking will be Viable and Profitable if it is implemented early. However, there will be several social economic benefits that will be apprehended in the course of operating this undertaking. These will include the following:

- Expanded employment creation
- Expanded tax base
- Expanded capacity to earn foreign currency

Transfer of knowledge

20.0 COMPANY STRATEGIES

The proprietors plan to adopt a management and incremental growth strategy to maintain and expand the business, as outlined below:

- To provide exceptional customer service by remaining loyal and dedicated to customers.
- To ensure full compliance with the country's regulatory and statutory laws, including the timely payment of tax obligations.
- To manage costs effectively while increasing the number of clients, thereby sustaining and growing the business.
- To generate sufficient profit to achieve financial sustainability.
- To deliver high-quality and reliable products to customers.

21.0 MARKETS AND MARKETING ASPECTS

In this chapter an attempt is made to estimate the demand for, metal fabricated products for investors in the local and external market. The ultimate goal is to establish the current demand - supply gap and projections for the future.

The metal fabricating industry in Tanzania has several promising market aspects:

1. **Growing Demand:** The increasing construction, automotive, and manufacturing activities in Tanzania drive the demand for metal fabrication services. Infrastructure development projects, such as roads, bridges, and buildings, create a steady need for customized metal structures and components.

2. **Technological Advancements:** Key players in the industry are adopting advanced technologies like laser cutting and CNC machining. These innovations enhance precision, durability, and performance, making local fabricators more competitive.
3. **Government Support:** Policies promoting industrial growth and economic diversification provide incentives for investment in the metal fabrication sector. These include regulatory reforms and skills development programs to boost manufacturing capabilities.
4. **Export Potential:** Tanzania's metal products exports are projected to grow significantly, reaching approximately \$82 million by 2028. This growth highlights opportunities for local fabricators to tap into international markets.
5. **Challenges:** The industry faces competition from low-cost imports and the need for advanced welding and cutting techniques. However, addressing these challenges through innovation and quality improvements can strengthen the sector.

The market is poised for growth, but success will depend on leveraging these opportunities while overcoming challenges.

22.0 DEMAND FOR METAL FABRICATION PRODUCTS

The demand for metal products, including iron nails, screws, nuts, bolts, and iron nets, is steadily increasing in East Africa (EA) and the SADC countries. This growth is driven by the rising number of factories established across these regions. Various policies aimed at improving the living standards of their populations and fostering investment have created a favorable environment for industrial expansion.

The reduction of certain costs in the process of setting up factories has attracted more investors, resulting in heightened competition and lower market prices. As industries grow, so does the need for essential metal fabrication products to support construction, manufacturing, and other industrial applications.

QIANG BIAO COMPANY LIMITED is poised to capitalize on this demand by delivering high-quality metal products to cater to the evolving needs of these markets

23.0 CONCLUSION

Qiang Biao Company Limited, specializing in metals and adhesive materials, has significant potential for success, especially in regions like Dar es Salaam, where industrial and construction demands are on the rise. By leveraging strong supplier relationships, optimizing production processes, and implementing strategic marketing initiatives, the company can establish a competitive foothold in the market.

Prioritizing quality, reliability, and exceptional customer service—including after-sales support—will build trust and foster brand loyalty. An adaptable approach to shifting market trends and a commitment to sustainable practices position the business for steady growth and profitability.

The company's operational hub plays a pivotal role in fostering commerce and collaboration within its targeted market. With modern facilities, a strategic location, and customized amenities, Qiang Biao Company Limited can attract a diverse range of businesses and industry professionals.

A thoughtful approach to resource management and efficiency will ensure consistent revenue streams and operational excellence. By embracing sustainable construction methods and energy-efficient practices, the company not only reduces operational costs but also demonstrates its alignment with environmental consciousness. Through careful planning and execution, Qiang Biao Company Limited will contribute to local economic development and become a cornerstone of its community