

April 13th 2021

TO:
THE EXECUTIVE DIRECTOR,
TANZANIA INVESTMENT CENTRE,
DAR ES SALAAM.



Dear Sir/ Madam,

RE: REQUEST FOR EXTENSION OF TIC INCENTIVE CERTIFICATE HALOTEL
Subject: Submission of additional documents and observation

Viettel Tanzania PLC. (Halotel or the Company) would like to convey our warmest greetings to the Tanzania Investment Centre. We write to you with reference to the above-captioned subject, following the recent application we submitted for extension of our certificate of incentive as well as other communication with TIC.

I. Document submission

In the meeting held on 8th April 2021 with TIC's working delegation, Halotel was asked to further submit additional correspondence supporting its request for extension of incentives. For ease of TIC's review, we would like to hereto provide relevant document package, which consists of the following parts:

- (i). Bidding documents from some of tenders which the delivery will be made after our incentive certificate expiration. (RFP + Quotation+...)
- (ii). Shipping documents for our pending consignment at the port which may delay after our incentive certificate expiration. (Contract+ Invoice + Packing list + Bill of Lading+...)
- (iii). Some samples showing the matching between contract goods and our Capital Goods List. (Contracts + Assessment from TRA + CGL)
- (iv). Evidences showing Halotel got the big delay for custom clearances due to the Tancis system – TRA broken down and the late getting beith schedule of vessel from TICTS which carried our goods
- (v). Contract between Halotel and Government for implementing 114 lots in remoted areas.
- (vi). Our progressive reports for our previous commitment for rural coverage of 4000 villages , internet for school, six core segments....
- (vii). Evidences for the bad effect for our cash-flow due to the TRA – agent notice which is wrongly collected.

II. Halotel's further observation

In addition to the documents submitted in Section I above, the company would like to make the following observations for TIC's consideration:

1. Justification for the delayed implementation of our investment project.

The Company has been facing a poor cash-flow in recent months. This situation is a result of a withholding of a Company's fund of TZS 10,211,190,143.15 (Tanzania

Tshilling Ten billion two hundred and eleven million one hundred and ninety thousand one hundred and forty -three cents fifteen) by the Tanzania Revenue Authority in the third quarter of 2019. As you are aware of our contract for procurement copy submitted before your office, this made so late this year following that withholding, which was improperly taken by the Tanzania Revenue Authority. In fact, the matter weakened our Company to implement the remaining part of our esteemed project phases. While we are struggling to be reimbursed with the said fund we still made an effort to sign those contracts.

Moreover, the delay in our project performance is part of the massive impact of the pandemic Covid-19. The outbreak of Covid-19 has never spared us, from our sales, operations and procurement by shortage of both funds to buy the materials for project phase completion, number of staffs to engage in working areas and supply of materials from suppliers of both locally and internationally. Impact of the pandemic on the global economies and businesses is obvious and Halotel is not an exception.

2. **The incentives are important for Halotel's procurement as custom clearance sometimes takes lengthy process.**

It is the fact that an importer like Halotel cannot manage the whole process of importation and custom clearance. It is practically witnessed that there is a high congestion at the Tanzania Port Authority during this time. Additionally, the lack of stability of the TANCIS system sometimes lengthens procedures of importation and customs clearance. We are worried by the fact that current term of incentive cannot cover such a lengthy process at customs. Taking all these objective obstacles into consideration, we believe that extension of the incentives for Halotel is reasonably proper.

3. **Halotel's implementation of other commitments with the Government will be facilitated with the incentive.**

The Company is performing UCSAF project phase 4, within which 114 sites in varied regions of Tanzania will be network-covered. To ensure the progress as well as quality of this project, the Company has to import equipments of an estimated volume of Tsh 14,019,000,000 (Tanzania Tshilling fourteen billion and nineteen million only). That is why we assessed that implementation of other commitments with the Government will be facilitated with the incentive.

4. **Submission of progressive report**

The Company has done 100% commitment with the Government. For ease of your information, please refer to the attached report.

We hope that our submission and observation raised in this letter will be carefully reviewed and accepted by the good office of TIC. Thank you very much for your consideration and we look forward to receiving your positive response.

Sincerely yours

HALOTEL/HQ/022/04/2021/2674

