



Annexure 2

TANZANIA INVESTMENT CENTRE

DAR ES SALAAM

PROGRESS REPORT

(Information required for the projects progress report after every six months or for amendment of certificate of Incentives)

1. Planned Activities for the period

a) Viettel Tanzania Plan for the year 2014 to 2016

In 2015 Viettel Tanzania had a Phase 1 plan of building 1,500 BTS sites to cover a total of 1,800 villages which was provided by the Government of Tanzania through the Master Contract between the Military Telecommunication Company VTG and Ministry of Communication as a representative of government of Tanzania for the provision of communication services to selected 4000 villages around Tanzania and the results on the year 2015 for both Transmission optical cables and building BTS sites we managed to succeeded to build 1366 BTS sites from the period of October 2014 to December 2015 where by total Optical fiber cables for covering of all these sites where a total of 15,000km of optical cables all over the country with this achievement we decided to move for the next plan.

b) Viettel Tanzania Plan for the Year 2016 to 2017

For the year 2016 to 2017 we had a Phase 2 for the covering of 500 BTS sites to add more sites to complete commitment with government of Tanzania of covering more 1,200 villages based on master Contract, whereby our plan for this year was to build 500 BTS for the same and extend our fiber optical cables from 15,000 km to 18,000km all over the country. Halotel have succeeded to deploy 3,000km of fiber for the year 2016 to 2017 it was with great achievement that for this year we where the company with largest fiber cable all over the country connecting one BTS to another to provide best data and voice mobile services that people of Tanzania have never experienced before.

c) Viettel Tanzania Plan for the Year 2017 to 2018

After successful completion of Phase 1 and 2 for covering of 3,000 villages we have another plan for completion of covering 4,000 villages by having Plan of Phase 3 to build 354 BTS sites to cover

Remaining 1,000 villages and deployment of more fiber to cover more villages we have deployed more than 2,000km of fiber for this year where we reach a total 20,000km of Optical fiber Cable (OFC) all over the country which we have successfully completed not only complete this plan itself but also on this year we have won to build and cover 47 lots from UCSAF- (Universal Communication Services Access Fund) where by follow our network design we have come to build 60 BTS sites to cover 47 lots awarded by UCSAF Phase 2 “ Provision of Rural Telecommunication services for boarder and Special zone phase 2 for 47 designed lots” of tender

no. IE/037/2016-17/HQ/NC/08 from UCSAF board to Viettel Tanzania, for the year end 2017 we have successfully completed the project of covering uncovered 47 lots with more than 200 villages which are all located in borders of regions in Tanzania.

d) Viettel Tanzania Plan for the Year 2018 to 2019

In 2018 to date we have been awarded second Contract with UCSAF “Provision of Rural Telecommunication Services to Rural and Urban Underserved Area Phase 3 for Designed 82 Lots” of tender no. IE/037/2017-18/HQ/NC/03 from UCSAF board it is contract of 1 year of implementation of the same to-date we have completed construction of all 87 BTS sites based on planned design to cover these 82 Lots we have assigned by UCSAF to cover.

On the same year we have managed to bid from tender announced by UCSAF on 14 July 2019 a total 150 lots out of 521 lots that were presented by UCSAF board to all operators for bidding from primary bid closing date on 3rd October 2019 we have won 115 lots out of 150 lots which we have bid, which is high number of lots to be covered by Halotel signal more than any other operator who has participated on tendering process.

2. Achievements made on the project implementation to date:

Halotel’s achievement in business activities are as follows:

- ***In terms of subscribers:***

In 2019, Halotel has total 4,47 million subscribers increasing from 941,000 subscribers from launching service in 2015 makes Halotel the most rapid developing mobile network operator.

- ***In terms of revenue:***

Year	2015	2016	2017	2018
Revenue (USD)	5,115,255	66,425,100	98,884,848	100,475,024

- ***In terms of network coverage and quality:***

Up to 2019, total number station locations of Haotel is 2852 locations including 2G / 3G / 4G of which 1,152 sites hiring from HHT Towers and 1,700 sites are Halotel’s sites.

Network coverage in terms of 2G / 3G / 4G are as follows:

- o 2G: urban (99.33%), rural (68.6%), nationwide (74.56%).
- o 3G: urban (91.36%), rural (19.71%), nationwide (33.6%).
- o 4G: in progress for national wide coverage.

- ***Achievement in tax contribution to Tanzania Government***

Year	Taxes paid (Tsh)
2014	1,244,908,041
2015	60,790,867,354

2016	34,060,038,596
2017	64,098,293,766
2018	64,124,103,056
2019	27,472,404,046
Total	251,790,614,859

3. Provide updated information on the following aspects;

S/N	Information	Description	Current Project Status
1.	Shareholders information	Current Shareholders names, nationality and percentage of ownership	1) Viettel Global Investment - 99.99% of Share , Nationality : Vietnam 2) JSC Performance Investment General Enterprises Ltd – 0,01% of Share , Nationality: Tanzania
2.	Company communication Information	Email address	info@halotel.co.tz
		Mobile Number	+255 626 393 939
		Land Line Telephone Number	+255 626 393 939
		Physical Address (Plot No., Block No, Street, District and Region)	10 Floor, Tanzanite Park, Plot 38,Victoria, Kinondoni
3.	Contact Person	Name	NGUYEN TIEN DUNG
		Position	Deputy Managing Director
		Communication Details (Email, Mobile and telephone)	info@halotel.co.tz
4.	Incorporation	Certificate of Incorporation No.	52674
5.	TIN information	TIN Certificate No.	104-967-116
6.	Project Core Activity	Project Core Activity	To Construct, operate and provide mobile telecommunication network services.
7.	Capacity	Project Capacity per Year	20-30 Million Usd
8.	Direct Employment	Foreign-Men	71
		Foreign-Women	2
		Local- Men	759
		Local-Women	125
9.	Indirect employment	Estimated Total No.	61,437
		Type/area of Indirect Employment	Freelancer: 50,823 POS: 8,556 Dealer: 147 Teamleader: 1,904 Super dealer: 7

4. Project Financial Expenditure todate (USD) Exch Rate 2300.

	Foreign (USD)	Local (TSH)	Total (USD)
Land and Buildings	-	-	-
Plant and machinery	273,953,872.35	630,093,906,405	273,953,872.35
Vehicle/Aircrafts	5,336,515.53	12,273,985,719	5,336,515.53
Furniture	952,050.52	2,189,716,196	952,050.52
Office equipment	2,644,829.12	6,083,106,976	2,644,829.12
Insurance Cover	-		-
Pre-operational expenses	31,676,334.78	72,855,569,994	31,676,334.78
Working sub-total capital	12,742,517.90	29,307,791,170	12,742,517.90
Other Tangible Fixed assets	357,383.19	821,981,337	357,383.19
Software	8,519,354.95	19,594,516,385	8,519,354.95
Licence and Concession licence	1,005,732.48	2,313,184,704	1,005,732.48
GRAND TOTAL	337,188,590.81	775,533,758,886	337,188,590.81

5. Project Financing

	Amount (USD)	Source Country
Local Equity	0	Tanzania
Local Loans	11,000,000	Tanzania
Foreign Equity	16,000,000	Vietnam
Share Holder Loans	172,800,000	Vietnam
Foreign Bank Loan	99,500,000	Vietnam, German and Mauritius
Total Investment	311,900,000	

6. Problem and Solution

a) Challenges on implementation of village coverage

Tanzania is a big countries with low density of population and deployment of network in rural is costly where the purchasing ability of customers is very low. At first came to Tanzania, Viettel Tanzania's commitment to Tanzania Government is to bring network and services to almost all rural areas. Therefore, in many sites in rural areas, Halotel's revenue from services is not enough to cover the basic cost to maintain the sites. However, Halotel is using flexible distribution channels in effort to increase the number of subscribers in order to improve the total revenue in each site to cover the basic cost to operate the site.

b) Incensement of rental fees

We have been subjected to plenty incremental of lease agreements of our BTS Sites. The nature of the incremental are all contrary to the terms and conditions of the Lease Agreement entered with the Landlords. Which in most cases if we do not take heed of their requests they further request to dismantle our BTS Sites. To dismantle a BTS Site is very

costly approximately USD 20,000 and even after replacing the BTS Site in a new location the coverage is reduced resulting to a very low coverage compared to the previous location.
 -> Solution: Halotel need supports from different authorities to force the landlord to follow the signed lease contracts.

c) **Complicated custom clearance procedure**

According to the nature of our business, we need to make importation of consignments for operational use, as up to now we have more than 1,000 consignments coming from many suppliers and ports to Tanzania. We wish to address some difficulties we are facing on similar issue as follows;

Issue 1: various requirements of importation from different Authorities.

The Pre-Shipment Verification of Conformity (PVoC) which is done by importers in Tanzania, is not the only thing that has to be completed for the importer to proceed with the use of the imported goods. After getting the PVOC for custom purpose, there still a need to apply for several other certificates from different Authorities. For example, for Handset, after getting the PVOC from the authorized agent of TBS, Importers still need to apply for Types of Approval from TCRA and the Permits to use, to sell it in Tanzania. The time for applying and getting such permits and approvals is very long and costly. Therefore, it would be advantage and supportive for investor if some permits could be removed.

Issued 2: Long procedure for the consignment get beith and is hard for the importer to choose the ICD Port by themself

Previously, Importers were freely to negotiate directly with any IDC port based on its capacity, support and advantage to the Importers. However, currently, there are two problems with the IDC port (i) the port is too small to load the consignment; (ii) Tanzania Port Authority is the one to decide which IDC port for the importer to land and load their goods. The time for Tanzania Port Authority to choose an IDC port is long and such delays cause by long procedures leads to delay in project process.

To resolve such issues TPA should have the good policy for the strategy investors to directly choose the IDC ports by themselves to remove all of the unnecessary delay.

7. Future Plans

a) **Expansion and upgrading of current Telecom network**

Investment Plan for maintenance and upgrade of the current mobile network for next 12 months:

No.	CATEGORY	AMOUNT (USD)
1	RADIO	4,128,650.00
2	CORE	1,688,500.00
3	TRANSMISSION	3,062,576.48
	Metro	2,428,816.48
	IP Core	633,760.00

4	MECHANIC AND ELECTRIC	5,111,180.00
5	FIXED BROADBAND	211,789.80
6	IT	3,295,276.00
	Upgrade system	
	Software	
7	INFRASTRURE	2,309,947.00
	Strengthening	
	Maintenance	
	TOTAL	19,807,919.28

b) USCAF project

As mentioned in the Section 1.1.4, Halotel has won 115 lots out of 521 lots of the USCAF phase 4 tender to provide services in rural area of Tanzania. The USCAF phase 4 shall be implemented and completed in 9 months and estimated investments shall be **Tsh 14,142,000,000** to cover the following capital expenditure equipment.

No	Items	Quantity	Unit
1	Minishelter	149	Cabinet
2	Solar charger 3000W	149	Pcs
3	Lithium Battery 48V-100Ah	745	Pcs
4	Solar system 2700W	150	Sys
5	Rectifier	49	Pcs
6	IPS	149	Bê
7	Antena mast	150	Tower
8	Fences	150	Set
9	Repeater	150	Set
10	Cable Tray	150	set

8. Recommendations and any other comments

NIL